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The Unbearable Lightness of Liberalism: The Soviet State and the Idea of Global Trade

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Abstract

This article examines the Soviet state's contribution to the liberalization of international trade from the mid-1960s to the late 1970s. Looking at the USSR's participation in the United Nations Conference on Trade and Development (UNCTAD), the UN agency dedicated to trade liberalization, the article reveals the Soviet state as an actor that pursued multiple and often contradictory goals at once. The purpose of the article is to complicate the view of the Soviet state as a “liberal subject,” an actor that always sought its self-interest. It calls for historians of the Soviet state to engage with the political, ideational, and emotional dimensions of economic exchanges to investigate the USSR's place in the global economy.

The division of labor among nations is that some specialize in winning and others in losing.

—Eduardo Galeano, 1970¹

In 1975, the USSR was the world's second-largest producer and second-largest exporter of aluminum on the international market. By the late 1970s, the USSR was also the world's largest producer of oil and natural gas, and the second-largest exporter of both. It was the world's largest producer of coal, and the fourth-largest exporter. At the same time, the USSR was a major importer of technology and manufactured industrial goods, from computers to steel pipes, acquired from the United States, western Europe, and Japan. Moreover, the USSR routinely imported copious quantities of basic agricultural products from the west.²

International trade was essential for the USSR. Since at least the late 1960s, the international outlook of the Soviet economy was comparable to that of a Third World country. As Raymond Vernon put it in 1984, the USSR was “a dominant seller of only a few commodities” and “a dominant buyer of practically nothing.” It traded its vast natural resources on the international market to gain hard currency, which it used to buy the manufactures and the agricultural commodities that it could not produce at home. Soviet trade organizations

¹ Eduardo Galeano, *The Open Veins of Latin America: Five Centuries of the Pillage of a Continent* (New York, 1997), 1.

² Carmine Nappi, “The USSR and the International Aluminium Market,” in ed. M. M. Kostecki, *The Soviet Impact on Commodity Markets* (London, 1984), 116–34; J. B. Hannigan and C. H. McMillan, “The Soviet Union and World Trade in Oil and Gas,” *ibid.*, 68–99; Svjetlana Adler and Harriet Matejka, “Soviet Coal Exports,” *ibid.*, 100–115; and M. M. Kostecki, “The Soviet Union in International Grain Markets,” *ibid.*, 194–217.

were rarely able to set the price of what they bought and sold. What was worse, the Soviet economy was dependent on international exchanges for the procurement of many essentials. Grain from Canada and the United States made up for poor harvests at home. The Soviet aluminum industry relied on outdated western equipment to process low-quality bauxite. The infrastructure that allowed the USSR to extract and distribute its oil depended on western technology. Soviet engineers copied microchips designed in Silicon Valley.³

Given these circumstances, it is not surprising that the USSR was a keen participant in debates at the United Nations (UN) on the regulation of international trade and the management of prices and tariffs. The United Nations Conference on Trade and Development (UNCTAD) was called in 1964 in response to the requests of Third World states that faced uncertain prices for their exports and were anxious to secure economic and technical aid from the industrialized countries. After the conference, UNCTAD became a permanent UN agency with the task of liberalizing world trade and improving its terms for the countries of the “Global South.” Soviet trade and development experts were involved in UNCTAD from the beginning, and the USSR even claimed paternity for the initiative, having long advocated an international conference to regulate world trade.⁴ As an organization dedicated to the amelioration and expansion of international trade, UNCTAD had a typically liberal mission. Investigating the USSR’s contribution to this mission reveals the complexities of the Soviet state’s relationship with economic liberalism.

Popular narratives have often portrayed the USSR and the socialist world as different from the liberal “free world” and as economically isolated from the west. Martin Walker is representative of this discourse in arguing that “the dramatic expansion of world trade,” engineered by the US, “was the root of their triumph over the enclosed and far less commercial Soviet system.” In a similar vein, many more popular writers have reinforced the idea of the USSR as fundamentally anti-trade.⁵

In contrast, a formidable and expanding body of historical literature has put to rest the popular simplification that views the USSR as isolated from the global economy and impervious to the influence of economic liberalism. For example, Oscar Sanchez-Sibony has demonstrated the crucial role that international trade had for the USSR and analyzed the fundamental ways in which the Soviet system actively shaped the global economy. Likewise, scholars like Julie Hessler and Elena Osokina have shown the importance that the Soviet government attached to profit-based commercial transactions, both at home and abroad. More generally, Johanna Bockman has revealed the intellectual entanglements of the liberal and socialist traditions in economics. Historians who have investigated the USSR’s dealings with UNCTAD have highlighted the divide between the Soviet wish to facilitate international trade and its preference for bilateral trade agreements, which run counter to the UN’s aspiration to build a multilateral trade system.⁶

³ Raymond Vernon, “Soviet Commodity Power in International Economic Relations,” in ed. Kostecki, *The Soviet Impact on Commodity Markets*, 7; Jakub Godzimirski, *The Political Economy of Russian Aluminium: Between the Dual State and Global Markets* (Cham, 2018), 29–34; Oscar Sanchez-Sibony, *The Soviet Union and the Creation of the Global Market: Energy and the Ascent of Finance in Cold War Europe, 1964–1971* (New York, 2023), 128–71; and Chris Miller, *Chip War: The Fight for the World’s Most Critical Technology* (New York, 2022), 35–44.

⁴ Arkhiv vneshnei politiki Rossiiskoi Federatsii, (AVPRF), fond 46, opis’ 26, papka 259, delo 9, listy 2–9, January 2, 1964 (K predstoiashchei konferentsii OON po voprosam po torgovli i razvitiia [sic]).

⁵ Martin Walker, *The Cold War* (London, 1993), 3, 7. See also: Niall Ferguson, *Civilization: The Six Killer Apps of Western Power* (London, 2012), 19–49, 96–140, 196–255; Francis Fukuyama, *The End of History and the Last Man* (New York, 1992), 29; and Norman Stone, *The Atlantic and Its Enemies: A Personal History of the Cold War* (New York, 2010), xi.

⁶ Oscar Sanchez-Sibony, *Red Globalization: The Political Economy of the Soviet Cold War from Stalin to Khrushchev* (New York, 2014); Sanchez-Sibony, *The Soviet Union and the Creation of the Global Market*; Julie Hessler, *A Social History of Soviet Trade: Trade Policy, Retail Practices, and Consumption, 1917–1953* (Princeton, 2004); Elena Osokina, *Stalin’s Quest for Gold: The Torgsin Hard-Currency Shops and Soviet Industrialization* (Ithaca, 2021); and Johanna Bockman, *Markets in*

This large and diverse literature has successfully challenged simplistic but deeply engrained narratives on the USSR as an economic actor. Future research in this field will no doubt continue to expand this body of knowledge. One significant issue that historians of the USSR need to address is whether they understand the Soviet state as a “liberal subject”—as an actor that always seeks its own advantage—in the economic sphere. In this framework, the USSR sought to engage other states and the global economy to obtain favorable outcomes, including better trade conditions and faster growth rates. Whether out of conviction or convenience, pursuing these outcomes required the Soviet state to adopt many of the guiding principles of economic liberalism.

Analyzing Soviet involvement with UNCTAD in depth complicates this picture of relative linearity. There is no doubt that the Soviet government was determined to break into western markets, and that Soviet elites incorporated elements of the liberal playbook in their thinking. Nonetheless, the USSR engaged liberalism in theory and capitalism in practice in inconsistent, sometimes self-serving, and occasionally self-defeating ways. The Soviet government remained opposed to the liberal idea that more international trade would benefit all actors involved, including itself. The Soviet state supported UNCTAD’s agenda of liberalization while fiercely defending the exclusionary nature of the socialist trade bloc. Soviet elites adopted the liberal idea that the west should relax its protectionist policies but ignored liberal appeals to do away with the USSR’s own closed trade system. Trade with the Third World, even when convenient, was never a priority. Soviet diplomats teamed up with representatives from Africa, Asia, and Latin America who pushed for trade liberalization through UNCTAD. However, they resisted calls to open the USSR’s domestic markets, and those of its socialist allies, to products from the Third World. Trade with the west, even when inconvenient, was what the Soviet state aspired to. As Sanchez-Sibony has suggested, for Soviet officials trading with the west was a long-held ambition that went beyond short-term economic calculations.⁷

Moreover, the Soviet government considered unacceptable any interference by liberal international organizations in the domestic economic sphere. UNCTAD embraced the idea that the UN system could provide funding to primary commodity producers, like the USSR, as a form of insurance against price fluctuations. The organization also accepted that such loans would be subject to conditions—domestic reforms to create a more liberal economic environment. Soviet officials considered the nascent idea of “conditionality” a grave danger that would only strengthen western dominance. They denounced early examples of conditionality and warned Third World countries against them. In the Soviet government’s view, economic liberalism was simultaneously an opportunity and a threatening force.

Ultimately, the idea of liberalism is of limited value to interrogate the Soviet state’s interactions with global markets. As Anna Krylova has argued, liberalism is a constructed category of analysis, and its use to investigate Soviet actors may reveal more about the

the Name of Socialism: The Left-Wing Origins of Neoliberalism (Stanford, 2011). See also: Ivan Boldyrev and Till Düppe, *Economic Knowledge in Socialism, 1945–89* (Durham, 2019); Kristy Ironside, *A Full-Value Ruble: The Promise of Prosperity in the Soviet Union* (Cambridge, Mass., 2021); Sara Lorenzini, “Comecon and the South in the Years of Détente: A Study on East-South Economic Relations,” *European Review of History: Revue Européenne d’Histoire* 21, no. 2 (June 2014): 183–99; Tobias Rupprecht, “Formula Pinochet: Chilean Lessons for Russian Liberal Reformers during the Soviet Collapse, 1970–2000,” *Journal of Contemporary History* 51, no. 1 (January 2016): 165–86. On the USSR and The United Nations Conference on Trade and Development (UNCTAD), see Marc-William Palen, *Pax Economica: Left-Wing Visions of a Free Trade World* (Princeton, 2024), 188–221; and James Mark and Yakov Feygin, “The Soviet Union, Eastern Europe, and Alternative Visions of a Global Economy, 1950s–1980s,” in James Mark, Artemy Kalinovsky, and Steffi Marung, eds., *Alternative Globalizations: Eastern Europe and the Postcolonial World* (Bloomington, 2020), 35–58.

⁷ Sanchez-Sibony, *The Soviet Union and the Construction of the Global Market*, 14.

historians who employ it—sometimes unwittingly—than about the USSR.⁸ The Soviet state's attitude toward world trade was utilitarian and cynical, but far from consistent with a liberal paradigm. While the USSR was inescapably linked to the global economy as an economic actor, its government retained the ability to pick and choose which aspects of economic liberalism to adopt and which to resist. Economic opportunity alone did not explain Soviet preferences. What the Soviet government considered opportune changed according to time and place, revealing some of the limits of historical arguments based on economic determinism.

Liberal actors are supposed to optimize their choices according to set parameters. Historians have often investigated how culture and society shape these parameters. For example, William Reddy has argued that individuals and entire social classes in early industrial Europe understood “interest” and “gain” in ways that were not necessarily those of classical political economy. They created a “market culture” that mixed liberal self-interest with “loyalty, deference, faith, fear, hostility.”⁹ In negotiating its relationship with world trade, the Soviet state similarly created its own (international) market culture, which held multiple sets of parameters and appraisals, sometimes in contrast with each other. There was no love affair between Soviet elites and the idea of a free, mutually beneficial global market, which UNCTAD embodied for over a decade.

The USSR and UNCTAD

The first session of UNCTAD took place in Geneva, Switzerland, between March and June 1964. The scale of the conference was remarkable. One-hundred twenty delegations participated, with over 4,000 delegates representing the 115 members of the United Nations, plus a number of international organizations. Among others, the International Bank for Reconstruction and Development (the World Bank), the International Monetary Fund (IMF), the General Agreement on Tariffs and Trade (GATT), the European Economic Community (EEC), and the Council for Mutual Economic Assistance (SEV in Russian) were all represented. In December 1964, the UN General Assembly approved the transformation of UNCTAD into a standing UN agency dedicated to studying and proposing solutions to problems of international trade and aid. The same resolution also ruled that there would be a major UNCTAD conference every four years, in rotating locations.¹⁰

The constituent ideas of UNCTAD came from mainstream economics. The Secretary-General of UNCTAD was the Argentinian economist Raúl Prebisch. He was convinced that, to prosper, developing countries needed better terms of trade and more investment from the Global North.¹¹ Fundamentally, Prebisch and most of his colleagues at UNCTAD were

⁸ Anna Krylova, “The Tenacious Liberal Subject in Soviet Studies,” *Kritika: Explorations in Russian and Eurasian History* 1, no. 1 (March 2000): 119–46.

⁹ William M. Reddy, *The Rise of Market Culture: The Textile Trade and French Society, 1750–1900* (New York, 1984), 3. See also: William M. Reddy, *Money and Liberty in Modern Europe: A Critique of Historical Understanding* (Cambridge, Eng., 1987).

¹⁰ John Toye and Richard Toye, *The UN and Global Political Economy: Trade, Finance and Development* (Bloomington, 2004), 184–205.

¹¹ Edgar J. Dosman, *The Life and Times of Raúl Prebisch, 1901–1986* (Montreal, 2008), 410–41; Raúl Prebisch, “Informe sometido al Secretario General de las Naciones Unidas por el Secretario General de la Conferencia,” *Actas de la Conferencia de las Naciones Unidas sobre Comercio y Desarrollo* (Buenos Aires, 1964), 647; *Archivos de la Comisión Económica para América Latina (CEPAL)*, Sala Cepal, 218E, 1966, January 26, 1966 (Declaraciones del Secretario General de la Conferencia de las Naciones Unidas sobre Comercio y Desarrollo, Dr Raúl Prebisch, en la 60a Reunion Plenaria de la Junta de Comercio y Desarrollo); Edgar J. Dosman and David H. Pollock, “Hasta la UNCTAD y de regreso: divulgando el evangelio, 1964–1968,” *Estudios Sociológicos de El Colegio de México* 16, no. 48 (September 1998): 573–603; and Robert L. Rothstein, *The Weak in the World of the Strong: The Developing Countries in the International System* (New York, 1977), 131–78. See also: Robert Mortimer, *The Third World Coalition in International Politics* (Boulder, 1984), 6–42; Robert L. Rothstein, *Global Bargaining: UNCTAD and the Quest for a New International Economic Order* (Princeton, 1979);

liberals in economic theory, steeped in classical political economy. Under Prebisch's tenure, UNCTAD promoted a quintessentially liberal vision of economic interconnectedness. The cardinal assumption was that freer exchanges between countries would benefit all due to efficiency gains, which were themselves the consequence of the theory of comparative advantage in international trade. Prebisch did acknowledge that inequality between the rich global "core" and the less prosperous global "periphery" had to do with the historically predatory policies of the developed countries. He argued for investment and aid from the north to the south to alleviate global inequality. However, the argument was still based on efficiency and the promise of future gains for all. As Prebisch argued before both the National Council of American Importers and the Ministry of Foreign Trade in Moscow, in the long run investment from the north would allow the Global South to produce better goods and contribute them to the world system of exchanges. Eventually, Third World countries would be in a position to remove their own barriers to imports, offering lucrative markets to producers from the US and the USSR. In Prebisch's words, UNCTAD's "main objective" was the "integration of world trade for the mutual benefit of all." By opening their markets today, the rich countries would guarantee themselves—and everyone else—a better world tomorrow.¹²

The Soviet government was broadly supportive of UNCTAD's agenda. The USSR and the rest of the socialist bloc were in favor of the establishment of UNCTAD as a permanent UN agency, together with most African, Asian, and Latin American delegations. During the 1964 conference, representatives from the Soviet Ministry of Foreign Affairs (MID) and the Soviet Ministry of Foreign Trade (MVT) consistently lauded the efforts of delegations from the Global South to push the west to open its markets to their products. Soviet delegates pledged that the USSR would follow the recommendations of UNCTAD I, as the 1964 conference became known, including heeding the call to increase trade with the developing world.¹³

Speaking Liberal

Pleading for trade "normalization," Soviet delegates were comfortable employing the language of economic liberalism. Nikolai Patolichev, the Soviet Minister of Foreign Trade and the head of the Soviet delegation at the Geneva conference, reminded the audience of the Soviet "desire" (*stremlenie*, or "striving," in the original Russian) "to develop trade and economic relations with all countries irrespective of their social and economic systems and levels of development." This desire was not an idealistic wish, but a rational policy based on indisputable facts. "[T]he extension of foreign economic relations" —Patolichev

Margarita Fajardo, "CEPAL, the 'International Monetary Fund of the Left'?" *The Tale of Two Global Institutions*, *American Historical Review* 128, no. 2 (June 2023): 588–615; Margarita Fajardo, *The World That Latin America Created: The United Nations Economic Commission for Latin America in the Development Era* (Cambridge, Mass., 2022), 44–72; Johanna Bockman, "Socialist Globalization against Capitalist Neocolonialism: The Economic Ideas behind the New International Economic Order," *Humanity: An International Journal of Human Rights, Humanitarianism & Development* 6, no. 1 (Spring 2015): 109–28; and Toye and Toye, *The UN and Global Political Economy*, 137–62.

¹² Raúl Prebisch, "Statement by Mr. Raúl Prebisch, Secretary-General of the United Nations Conference on Trade and Development at the third plenary meeting, March 24, 1964," in *Proceedings of the United Nations Conference on Trade and Development, Vol. II: Policy Statements* (New York, 1964), 76–81; CEPAL, Sala CEPAL, RP 2331, 1966, February 10, 1966 (Raúl Prebisch "What the less developed countries can offer importers," Statement at National Council of American Importers.); and CEPAL, Sala CEPAL, RP 2251, 1966, August 19, 1966 (Raúl Prebisch, Lecture delivered by the Secretary-General of UNCTAD at the Scientific Research Institute for Foreign Trade, Moscow).

¹³ Toye and Toye, *The UN and Global Political Economy*, 184–205; AVPRF, f. 46, op. 26, p. 259, d. 10, ll. 30–47, July 16, 1964 (Osnovnye itogi konferentsii OON po trgovle i razvitiu); Rossiiskii Gosudarstvennyi Arkhiv Ekonomiki (RGAE), fond 413, opis' 31, delo 252, listy 37–56, August 20, 1964 (Otchet o rabote komiteta konferentsii OON po trgovle i razvitiu.).

continued—“contributes to the acceleration of economic development,” and not just for the USSR: “the objective economic interests of all countries require the early elimination of barriers to the normal flow of world trade in every sector.” Patolichev blamed the “blockades” and “discriminatory practices” of western governments for the disruption of world trade. Removing these barriers would be “undoubtedly” beneficial to developing countries and to the western world, too. Aleksei Shavrov, the head of the delegation from the Belorussian SSR at UNCTAD I, argued that trade liberalization “will also benefit the developed western countries, for an increase in purchases of their wares by the socialist States will raise the level of employment in the West.”¹⁴ In arguing for more trade, the Soviet state adopted the core assumption of economic liberalism: the idea that unrestricted exchanges among individual actors who aim to maximize their own interest produces the best outcome for all.¹⁵

The final act of the first UNCTAD conference, approved on June 15, 1964, comprised fifteen “general principles” and thirteen “special principles.” These were recommendations on how to conduct economic relations, and particularly trade, on a global scale. The principles were distinctly liberal. The final act reinstated the importance of international trade for economic development, called on developed countries to assist developing countries through granting access to their domestic markets, and established that in trade matters no country should be discriminated against because of its political system. The special principles also urged all UN member states to respect the sovereignty of other states over natural resources in their territory. Soviet representatives supported the adoption of all principles, only abstaining in the vote on principle twelve (on disarmament in the developing world) and special principle seven (on price stabilization for commodity exporters).¹⁶

Western delegations, in contrast, struggled with UNCTAD’s agenda. According to MID, “the Western countries, especially the US and Great Britain, tried with all means to prevent the adoption by the Conference of the new principles.” George W. Ball, the US Under Secretary of State who attended the Geneva conference, dismissed the eminently liberal ideas that inspired UNCTAD as “Prebisch gimmickry.” He believed the US goals should be to deflate the expectations of developing countries and make sure that the 1964 conference ended “with a whimper and not a bang.” The Europeans had more at stake. France and England were concerned with conserving their trade networks with former colonies in Africa and Asia. As the MVT put it, the Europeans’ aim was to keep their former colonies as “raw material appendages” (*v kachestve svoikh syr’evykh pridatkov*). In the end, the US and most west European states voted against fourteen of the twenty-eight principles approved at the conference, and they abstained from the vote on six more.¹⁷

¹⁴ The Belorussian and Ukrainian Soviet Socialist Republics had separate UN seats from the USSR as whole, and both sent their own representatives to UNCTAD conferences.

¹⁵ N. S. Patolichev, “Statement By H. E. Mr. N.S. Patolichev, Minister for Foreign Trade, Head of the Delegation of the Union of Soviet Socialist Republics at the seventh plenary meeting, held on 26 March 1964,” in *Proceedings of the United Nations Conference on Trade and Development, Vol. II*, 383–89; Patolichev, “Statement by H.E. Mr. N. S. Patolichev, Minister for Foreign Trade of the Union Of Soviet Socialist Republics, Head of the Delegation at the thirty-third plenary meeting, held on 13 June 1964,” in *Proceedings of the United Nations Conference on Trade and Development, Vol. II*, 534–37; and A.S. Shavrov, “Statement by H. E. Mr. A.S. Shavrov, Minister of Foreign Trade, Head of the Delegation of the Byelorussian Soviet Socialist Republic at the twenty-fourth plenary meeting, held on 8 April 1964,” in *Proceedings of the United Nations Conference on Trade and Development, Vol. II*, 127–30.

¹⁶ United Nations Conference of Trade and Development (UNCTAD), “General and Special Principles,” in UNCTAD, *Proceedings of the United Nations Conference on Trade and Development, Volume I: Final Act and Report* (New York, 1964), 18–25 (Annex A.I.1).

¹⁷ AVPRF, f. 46, op. 26, p. 259, d. 10, l. 32, July 16, 1964 (Osnovnye itogi konferentsii OON po trgovle i razvitiu); “Memorandum From the Under Secretary of State (Ball) to the President’s Special Assistant for National Security Affairs (Bundy), March 3, 1964,” in David C. Humphrey and James E. Miller, eds., *Foreign Relations of the United States (FRUS), 1964–1968, Volume XXIII* (Washington, DC, 2004), Document 290; “Memorandum From the Under Secretary

After UNCTAD I, the Soviet state continued to speak liberal. Soviet officials tirelessly repeated their calls to liberalize trade with the west for about a decade, from the original conference in 1964 until UNCTAD III in Santiago, Chile, in 1972. MID reports framed the action of Soviet representatives at UNCTAD as seeking the “normalization of international trade,” through the adoption of “one of the most important principles of international trade—the principle of the most favored nation.” If the western world extended such principle to the USSR and its allies, abolishing tariff and non-tariff barriers, the benefits would not be limited to the socialist camp. The “normalization of East-West trade”—MID argued—“would, in turn, contribute to the normalization of all world trade and the realization of the efforts of developing countries aimed at turning their trade into an effective instrument of economic development.” UNCTAD, according to the Soviet Ministry of Foreign Trade, was the ideal medium to push for this “normalization” of trade relations. Given that most Third World countries shared the ambition of better access to western markets, Soviet representatives could construct a common front with their counterparts from Africa, Asia, and Latin America. Mutual benefit through individual interest seeking, the foundation of economic liberalism, was the guiding principle of the Soviet rhetorical offensive to ease trade with the capitalists.¹⁸

The desire to trade with the west, which Patolichev evoked in Geneva, was so engrained in Soviet discourse that, in preparing for UNCTAD III in late 1971, MID officials reminded each other that the expansion of “trade with the industrially developed capitalist countries” was “guided by the Leninist principles of the peaceful coexistence of states with different socio-economic systems.” Invoking Lenin, Soviet officials equated their mission at UNCTAD—pursuing better trade conditions with the West—with the principles that had established the Soviet state itself.¹⁹

Three in One

Despite the Soviet government’s fluency in economic liberalism, foreign observers and officials debated the extent to which the USSR would maintain its promises and could be trusted as a liberal actor in world trade. George Ball had gone to Geneva in 1964 fearing that the representatives of the USSR aimed for an “east-west confrontation.” In the end, he found the speeches of Soviet representatives very mild. Ball concluded that “in this particular Conference, their interests were on the side of the industrialized countries.”²⁰

UNCTAD staff did not share Ball’s assessment. Following the conclusion of the 1964 conference, a working group within the organization put together a report on “Trade relations among countries having different economic and social systems,” including socialist trade with the rest of the world. The report, which was finalized in 1967, noted that in the first half

of State (Ball) to President Johnson, March 30, 1964,” in *ibid.*, Document 292; RGAE, f. 413, op. 31, d. 2563, l. 8, March 1968 (Otchet o rabote Vtorogo Komiteta vtoroi sessii konferentsii OON po trgovle i razvitiu); UNCTAD, “General and Special Principles,” 18–25 (Annex A.I.1).

¹⁸ AVPRF, f. 46, op. 26, p. 259, d. 10, l. 30, July 16, 1964 (Osnovnye itogi konferentsii OON po trgovle i razvitiu); AVPRF, f. 46, op. 33, p. 363, d. 60, ll. 56–133, 1971 (Upravlenie mezhdunarodnykh ekonomicheskikh organizatsii MVT, “Deiatel’nost’ mezhdunarodnykh ekonomicheskikh organizatsii, zanimaiushchikhsia voprosam vneshnei trgovli [Kratkii spravochnik]”); AVPRF, f. 46, op. 28, p. 308, d. 46, l. 80, 1966 (Otchet sovetskoi delegatsii o rabote III sessii Soveta po trgovle i razvitiu); and RGAE, f. 413, op. 31, d. 2572, ll. 1–26, February 1–March 29, 1968 (Otchet o rabote V komiteta vtoroi sessii IUNKTAD).

¹⁹ AVPRF, f. 46, op. 33, p. 363, d. 60, l. 141, December 6, 1971 (Pamiatnaia zapiska ob osushchestvlenii rekomendatsii Konferentsii OON po trgovle i razvitiu). See also: RGAE, f. 413, op. 31, d. 757, ll. 16–18, September 1965 (Otchet sovetskoi delegatsii o rabote vtoroi sessii soveta po trgovle i razvitiu); and RGAE, f. 413, op. 31, d. 257, ll. 1–26, March 1968 (Otchet o rabote v komiteta vtoroi sessii IUNKTAD).

²⁰ “Memorandum From the Under Secretary of State (Ball) to President Johnson, March 30, 1964,” in *FRUS, 1964–1968, XXIII*, Document 292.

of the 1960s trade between the socialist world and the developing countries had increased significantly. The USSR alone accounted for over 40 percent of total trade turnover between the socialist world and the developing countries, making it the key state in this context. While the report acknowledged that total trade was still relatively low, it praised some elements of the approach that the USSR and its allies had taken toward exchanges with the Third World. The trade agreements that the socialist governments had signed with multiple countries in Asia, Africa, and Latin America since the mid-1950s allowed the exchange of technology, machinery, and raw materials from eastern Europe and the USSR with agricultural commodities such as fruit, coffee and cocoa, and some varieties of timber. On paper, these exchanges minimized the need for hard currency, a scarce resource on both sides, and allowed some degree of technology transfer to the Global South. Some governments certainly appreciated this type of trade arrangement. As Rangaswami Krishnamurti, an influential UNCTAD staffer, reported to Prebisch in 1966, “in the opinion of Indian officials, India’s trade with the socialist countries, notably the Soviet Union, is an outstanding example of constructive cooperation in trade and development.”²¹

Prebisch was unconvinced. First, in his view, bilateral trade agreements of the kind the USSR and its allies offered did not provide a long-term solution to development problems. In fact, Prebisch and others at UNCTAD viewed Soviet-driven bilateralism as a “challenge” for their organization, which instead sponsored a multilateral, UN-focused approach to global trade liberalization. Moreover, Prebisch was wary of the report that praised Soviet trade with the Third World. The document was authored by Vladimir Mordvinov, a former Soviet MVT official. The higher echelons of UNCTAD found his report unbalanced and excessively focused on calling for freer trade between the west and the socialist world. Prebisch conveyed to Mordvinov that some sections “may impair the objectivity of the report,” particularly when discussing the allegedly “stabilizing effects of imports made by the Soviet Union” on the prices of certain commodities from the Global South. Moreover, Prebisch reminded Mordvinov that it was “not customary” of UNCTAD reports to make explicit suggestions for government policy. Likewise, Sidney Dell, the English economist who headed UNCTAD’s New York office, recommended cutting the criticism of western restrictions to trade with the socialist countries, arguing that “the discussion would gain in effectiveness if this sort of presentation were avoided.”²²

There were three diverging assessments of the Soviet state’s relationship with international trade. Ball suggested the USSR was just another industrialized country, defending its interests as such. In contrast, Krishnamurti and Mordvinov saw Soviet interests in line with those of the developing countries. Third, Prebisch and Dell regarded the USSR as a cynical state whose interests were compatible with neither the industrialized nor the developing countries. All three were correct. The USSR occupied an awkward position within UNCTAD and in relation to international trade in general. It was simultaneously an industrialized country with a protected domestic market and a dependent economy in need of securing better trade conditions. Soviet diplomats were conscious of their country’s complex positionality. Surveying the “issue of unequal exchange in world trade,” MID officials acknowledged that “as far as its economic interest is concerned,” the USSR “occupies a middle position, as the USSR is both a great industrial power and one of the world’s main producers of raw materials.” The same report pointed out that the “political point of view,”

²¹ United Nations Archives and Management System, New York, NY, USA (UNARMS), S/0552/0060/0002, April 28, 1967 (Review of trade relations between countries having different economic and social systems); and UNARMS, S/0552/0060/0002, May 3, 1966 (R. Krishnamurti to R. Prebisch).

²² UNARMS, S/0552/0022/0001, June 19, 1966 (Implementation Report, USSR); UNARMS, S/0552/0022/0001, December 1, 1966 (Theses on “Implementation Report”); United Nations Archives, Geneva, Switzerland (UNAG), TD810, May 10, 1967 (R. Prebisch to V. Mordvinov); and UNAG, TD810/1, June 22, 1967 (S. Dell to J. Ryska).

which brought the Soviet state on the same side as the developing countries, was different from economic “interest,” which pushed the USSR closer to the western world. Soviet priorities at UNCTAD reflected this contradiction, and Soviet demands did not always aim at optimizing economic outcomes.²³

The Lightness of Liberalism

Prebisch was not wrong in doubting the USSR’s commitment to liberalism. From the point of view of the Soviet government, UNCTAD was a tool to gain better access to western markets. When other matters were at stake, a different vocabulary replaced the language of mutually beneficial individual gains. This was particularly evident looking at UNCTAD’s many failures in its first decade. In practical terms, UNCTAD achieved next to nothing. Between 1964 and 1968, the organization’s main success had been negotiating a few treaties to stabilize the price of commodities such as coffee and cocoa. However, these never came into being due to the reticence of both exporting and importing countries to stick to rules they had ostensibly agreed upon. By the time the second conference folded in the spring of 1968 in Delhi, India, it was clear that UNCTAD had lost momentum. In his closing remarks, Prebisch acknowledged that “very little has been done” to find “practical, concrete solutions.” So far, UNCTAD had been “a mechanism absorbing aspirations and producing frustrations,” he concluded. A few months later, in January 1969, Prebisch resigned from the organization.²⁴

The problem with UNCTAD was that its liberal agenda was unpalatable for everyone, including the socialist countries. The Soviet government preached liberalism but practiced it very selectively. At UNCTAD II in 1968, the USSR made no new promises. Aleksei Kosygin, Soviet Premier from 1964 to 1980, sent a perfunctory message to conference participants, blaming “monopoly capitalism” for the ills of world trade and reminding the audience of US aggression in Vietnam. Kosygin assured the “young nations” of the world that the USSR would “continue giving” in line with UNCTAD’s recommendations. Few delegates believed him. The Soviet Ministry of Foreign Trade reported that UNCTAD II’s “draft final resolution by the developing countries included a reference to the fact that in the socialist countries consumption and imports of primary commodities from developing countries are not increasing to the desired levels.” The MVT blamed “the tendentious position of some Latin American countries” for this critique of the USSR and the rest of the socialist world.²⁵

In line with the somber mood that prevailed in Delhi, UNCTAD II’s recommendations contained little of consequence. The final act renewed the call to facilitate international trade and provide better aid to developing countries. It included a section that addressed “trade among countries having different economic and social systems,” but the actual recommendations were the same generic ones: increase the volume of trade, decrease tariff and non-tariff barriers, provide favorable conditions for developing countries. The Soviet government maintained that it “adheres to these recommendations and takes them into account in establishing its foreign trading links.” UNCTAD’s secretariat believed this was not the case, but also acknowledged that the organization’s proposals were too generic and

²³ AVPRF, f. 46, op. 29, p. 326, d. 59, l. 77, February 28, 1967 (K voprosu neekivalentnogo obmena v mirovoi torgovle [informatsionnaia spravka]).

²⁴ Raúl Prebisch, “Statement made at the 66th plenary meeting, 12 March 1968, by Mr. Raúl Prebisch, Secretary-General of UNCTAD,” in *Proceedings of the United Nations Conference on Trade and Development*, Second Session, Vol. I: report and annexes, 420–23; and Dosman, *The Life and Times of Raúl Prebisch*, 442–72.

²⁵ Aleksei Kosygin, “Message dated February 1, 1968 from Mr. A. Kosygin, Chairman of the Council of Ministers of the Union of Soviet Socialist Republics,” in *Proceedings of the United Nations Conference on Trade and Development*, Second Session, Vol. I: Report and Annexes (New York, 1968), 429; and RGAE, f. 413, op. 31, d. 2560, l. 16, March, 1968 (Otchet o rabote sovetskikh predstavitelei v 1 komitete II konferentsii OON po torgovle i razvitiu).

debated how to make them more concrete. Some staff even questioned whether making such recommendations to the socialist countries made sense at all.²⁶

The obvious problem was that the Soviet government requested easier access to western markets but did little to facilitate access to its own markets and those of its allies. UNCTAD staff and most of its member states from the Global South looked at the USSR as a developed country with an industrialized economy. From their point of view, it sat at the center of a large protectionist trade bloc: the Council for Mutual Economic Assistance. UNCTAD expected the socialist world, too, to open its markets to products from Asia, Africa, and Latin America. UNCTAD staff wondered why states from the Global South could not purchase oil and ferrous metals from the USSR at the same prices that were offered to east European countries, and why they had to accept lower prices for agricultural commodities than those the USSR paid to Bulgaria, Poland, and Romania. Through multiple conference debates, reports, and resolutions, UNCTAD asked the Soviet government to relax the exclusionary nature of the SEV system. In line with its liberal worldview, UNCTAD framed its requests in terms of efficiency. In theory, buying apples from Chile rather than Poland, and home electricals from Brazil rather than East Germany, could have been convenient for the Soviet economy. Some products that the USSR acquired from eastern Europe had cheaper and better alternatives from Third World countries. Allowing Global South exports better access to socialist markets would unlock efficiency benefits for the Soviet economy.²⁷

The Soviet representatives at UNCTAD were in a difficult position in this matter. They habitually condemned the capitalist world for maintaining tariff and non-tariff barriers to entry against products from the socialist world and from the Global South. However, the government they represented had no intention of altering its own intra-socialist trade/subsidy system. Opening SEV to the Third World was out of the question. Abandoning its much-vaunted liberal vocabulary, MVT reported that a major preoccupation for Soviet delegations at UNCTAD was ensuring the “non-proliferation” (*nerasprostranenie*, the same term used for nuclear weapons) of trade agreements that granted the same conditions as to SEV members. By 1976, Soviet representatives believed that the most significant achievement of the socialist countries at UNCTAD had been “to ensure that most unreasonable demands addressed to them,” including granting trade preferences to more non-SEV countries, “were lifted.”²⁸

To counter UNCTAD’s liberal argument to open SEV markets, Soviet representatives resorted to a counterargument based on ethical considerations. The Soviet line was that the west had the moral responsibility to provide economic aid and offer convenient trade conditions to Third World countries in reparation for centuries of colonial exploitation. In this view, the socialist world was exempt from such obligations to atone for the historical sin of imperialism. Already at UNCTAD I in 1964, Patolichev let everyone know that “we

²⁶ United Nations Conference on Trade and Development (UNCTAD), “Resolution 15 (II), March 25, 1968,” in *Proceedings of the United Nations Conference on Trade and Development*, Second Session, Vol. I, 32–34; and UNARMS, S/0552/0021/0001, June 2, 1970 (V. Pozharskii to M. Pérez-Guerrero, “Memorandum on the implementation of the recommendations of the United Nations Conference on Trade and Development”); and UNAG, TD810/4, October 22, 1971 (M.S. Pankine to Stein Rossen).

²⁷ UNARMS, S/0552/0060/0002, January 15, 1968 (S. Dell to A. Movchan, “Request for information on UNCTAD documents relating to the most-favored-nation treatment”); UNARMS, S/0552/0060/0002, November 6, 1969 (M. Pérez-Guerrero to B.T.G. Chidzero, “Pearson Report: Comments on Sections dealing with Primary Products”); and UNARMS, S/0552/0060/0002, December 12, 1967 (V.V. Mordvinov to H. Bell).

²⁸ AVPRF, f. 46, op. 32, p. 354, d. 35, ll. 144–61, November 12, 1970 (Obshchaia sistema preferentsii v pol’zu razvivaiushchikhsia stran [informatsiia]); RGAE, f. 413, op. 31, d. 6873, ll. 9–10, July 1974 (Otchet o III sessii Mezhpriatel’svennoi gruppy IUNKTAD po peredache tekhnologii); and RGAE, f. 413, op. 31, d. 8418, ll. 198–200, May 1976 (Otchet delegatsii SSSR o rabote IV sessii Konferentsii OON po togovle i razvitiu [IUNKTAD]).

are in no way responsible for the serious economic consequences, which prolonged colonial domination or the policy of neo-colonialism, for the developing countries.” Therefore, when “considering matters relating to compensation for the damage caused by colonialism,” Patolichev argued that it would be “unnatural and unrealistic to try to adopt the same approach to the developed capitalist countries and the socialist countries.” “The difficult economic situation of the developing countries,” the MVT concluded, “is the legacy of colonial domination and, therefore, the moral and material responsibility for overcoming this heritage lies fully on the imperialist states.” In the Soviet view, the socialist states did not need to mend their trade practices to favor development in the Third World.²⁹

Specializing in Losing

These statements, and the many similar ones that followed in later years, were a direct contradiction of previous declarations by the same officials, often uttered just days if not hours earlier. In advocating better access to western markets, Soviet diplomats accepted the liberal argument that trade benefits everyone because of efficiency gains. In rejecting calls to open SEV markets, the same Soviet diplomats admitted that lifting trade barriers was in fact onerous and argued that only the west should be required to do so for moral reasons.

Self-interest explains this inconsistency only to an extent. UNCTAD was correct in arguing that replacing some products from SEV partners with equivalents from Africa, Asia, and Latin America would have been convenient for the Soviet economy. From an economic point of view, the Council for Mutual Economic Assistance was a burden for the USSR. Once the Soviet state had extracted all it could from eastern Europe by the mid-1950s, SEV turned into a system to distribute subsidies and keep socialist countries relatively stable economically and tied to the USSR. Besides the USSR, SEV included Albania, Bulgaria, Czechoslovakia, East Germany, Hungary, Poland, and Romania. Mongolia acceded in 1962, Cuba in 1972, and Vietnam in 1978. The east European members of SEV tended to be relatively small economies, lacking a good deal of the primary commodities they needed. With few exceptions, their industries were not more advanced than in the USSR. The USSR was not more prosperous, but it was endowed with large deposits of natural resources. To a large extent, SEV was an arrangement through which the USSR provided underpriced raw materials to the technologically backward industry of eastern Europe, and it purchased mediocre industrial goods from eastern Europe at prices above market rates. Polish tractors, East German industrial machines, Hungarian buses and so on were of worse quality compared to equivalent western products, or in some cases products from the Global South, and they cost more to produce due to lack of technological innovation. In exchange for these products, the east European countries received cheap energy and raw materials from the USSR.³⁰ In theory, accepting UNCTAD proposals to increase trade turnover with the Third World, replacing some overpriced products from eastern Europe, would have made the SEV system less inefficient for the USSR. Yet, the Soviet representatives never gave these proposals serious consideration, much to UNCTAD’s frustration. The Soviet state’s rejection of liberalism in this sphere did not stem from the search for its economic advantage.

²⁹ N. A. Patolichev, “Statement by H. E. Mr. N.S. Patolichev,” in *Proceedings of the United Nations Conference on Trade and Development, 1964, Vol. II*, 535; and RGAE, f. 413, op. 31, d. 1298, l. 7, 1964 (Otchet sovetskoi delegatsii o rabote III sessii soveta po trgovli i razvitiu).

³⁰ Charles Gati, *The Bloc that Failed: Soviet-East European Relations in Transition* (Bloomington, 1990), 104–35; Philip Hanson, *The Rise and Fall of the Soviet Economy: An Economic History of the USSR since 1945* (London, 2014), 45–47, 60–62, 80–86; and Randall W. Stone, *Satellites and Commissars: Strategy and Conflict in the Politics of Soviet-Bloc Trade* (Princeton, 1995), 27–46.

Likewise, political gains were limited. “Protecting” SEV from Third World products did little to preserve Soviet political control over eastern Europe, given that the Soviet government simultaneously allowed a steady influx of western capital—far more disruptive—into the same region. From the late 1960s, most socialist states in eastern Europe started borrowing extensively from western states, credit institutions, and international organizations. The Soviet government acquiesced. Stephen Kotkin has argued that there was simply no alternative. In his view, credit from the west was a last-ditch attempt to patch some of the structural flaws of the socialist economies. Sanchez-Sibony has disputed this claim, showing that establishing creditor/debtor relations with Europe was in fact part of a long-term Soviet project to build a new economic relationship with the west, eventually overcoming the Bretton Woods system.³¹

The expansion of credit from the west in eastern Europe took place in a context of significant economic and political change for all the actors involved. In the 1970s, the USSR gained better access to European markets. The “oil shock” of 1973 affected west European countries most severely, given that nearly all of them were dependent on Middle Eastern oil for their energy needs. Soviet oil was an obvious alternative. The USSR was not a member of the Organization of Petroleum Exporting Countries (OPEC), it was a major energy producer, and its oil and gas were now both cheaper and more readily available than from Europe’s traditional suppliers. As Sanchez-Sibony has demonstrated, the Soviet government had long pushed to sell energy to western Europe, and multiple European governments were interested in buying since the 1950s. However, the US had so far used its significant power to prevent the full blossoming of this trade relationship. After 1973, the economies of multiple NATO states risked being crippled by the energy crisis, and Soviet oil was the best available solution. The US government modified its policy. Consequently, Soviet sales of both crude and refined oil to western Europe nearly doubled between 1970 and 1979, at a time in which its price was at a historic high. As more Soviet oil went to western Europe, eastern Europe was left with less abundant and more expensive energy resources. In the mid-1970s, the Soviet government increased the price of the oil it sold to its SEV allies, therefore reducing the trade subsidy and jeopardizing economic stability in eastern Europe. Anxious to avoid social unrest, and short of alternative options, the socialist governments of eastern Europe turned to credit from the west even more extensively to uphold levels of consumption and preserve welfare programs.³²

In the 1980s, the explosion of the debt crisis wrought havoc on those economies that had gorged on credit from the west in the previous decade, in eastern Europe as in the Third World. From late 1979, most Soviet “satellites” in Europe found themselves in the same predicament as many Third World countries. Following a sudden and steep increase in interest rates in the west, both socialist and Third World states became unable to service their large debts. As a consequence, east European governments imposed austerity measures while many Third World states fell victim to IMF-enforced structural adjustment. In both cases, the consequences would be far-reaching and painful.³³

³¹ Stephen Kotkin, “The Kiss of Debt: The East Bloc Goes Borrowing,” in Niall Ferguson, Charles S. Maier, Erez Manela, and Daniel J. Sargent, eds., *The Shock of the Global: The 1970s in Perspective* (Cambridge, Mass., 2010), 80–93; Sanchez-Sibony, *The Soviet Union and the Construction of the Global Market*, 1–38.

³² Sanchez-Sibony, *The Soviet Union and the Construction of the Global Market*, 51–214; Hanningan and McMillan, “The Soviet Union and World Trade in Oil and Gas,” 72; Hanson, *The Rise and Fall of the Soviet Economy*, 154–56; Stone, *Satellites and Commissars*, 85–86; Fritz Bartel, *The Triumph of Broken Promises: The End of the Cold War and the Rise of Neoliberalism* (Cambridge, Mass., 2022), 23–50; and Michael De Groot, “The Soviet Union, CMEA, and the Energy Crisis of the 1970s,” *Journal of Cold War Studies* 22, no. 4 (December 2020): 4–30.

³³ Bartel, *The Triumph of Broken Promises*, 75–109; and Kotkin, “The Kiss of Debt,” in Ferguson, Maier, Manela, and Sargent, eds., *The Shock of the Global*, 80–93.

In this context of momentous changes wrought by western capital in eastern Europe and beyond, allowing more commodities from the Global South into the SEV system—as UNCTAD advocated—appears almost inconsequential. Nonetheless, the USSR rejected UNCTAD proposals while tolerating (if not encouraging) the flow of western credit into eastern Europe. The Soviet government was perfectly conscious of the dangerous nature of contracting debt with the west. At UNCTAD, Soviet representatives regularly warned their colleagues from the Global South against credit from the west, presciently anticipating the downward spiral of conditionality imposed from abroad, austerity, and domestic unrest that hit many Third World states in the 1980s. In 1978, when UNCTAD discussed the problem of mounting Third World debt to the west, the MVT railed against the risks implicit in contracting debt with the west and with western-controlled international financial institutions. “In conditions where the indebtedness of many developing countries has reached a critical level, one can expect the growing use by the imperialist states of negotiations on ‘settling’ debts with developing countries to interfere in the internal affairs of debtors, to impose political and economic concessions favorable to the West.” The Ministry of Foreign Trade called for Soviet representatives to expose “the financial methods of neocolonialism associated with the debt dependence of developing countries on the imperialists.”³⁴

Even a decade earlier, before easy credit from the west reached its apex, the Soviet line on conditionality was the same. One of Prebisch’s projects after UNCTAD I was securing World Bank funds for a system of loans that would guarantee exporter countries against drops in commodity prices. The Bank agreed in principle, and in 1965 it released a report on the loan system. The World Bank proposed a mechanism that would make funds subject to periodic reviews of the receiving country’s economic performance. Prebisch did not contest this principle of conditionality, asking only that the assessment be carried out by “an impartial group of experts.” Most UNCTAD members manifested interest in the World Bank proposal. The USSR was the only commodity exporter to object to the plan. When the World Bank proposal was discussed in 1966, Soviet representatives opposed the idea of conditionality on the grounds that it would grant international institutions the ability to influence domestic economic policy. Observers from MVT reported that the plan encouraged developing countries to carry out domestic reforms to pursue development and, in Soviet eyes, the direction of these reforms could never be politically neutral and adjudicated by objective studies. The domestic reforms the Soviet government advocated in favor of development—nationalizing foreign property, strengthening state control over the activities of foreign corporations, and restricting the flow of profits and dividends overseas—were different from what supposedly neutral experts from the UN community recommended. The USSR maintained that international financial institutions operated under US influence and followed capitalist principles. Receiving funds subject to their approval would inevitably push receiving countries toward capitalism through the encouragement of economic liberalization. Even though the World Bank funding scheme could have been beneficial to commodity exporting countries—including the USSR itself—the strings attached were unacceptable in the Soviet view.³⁵

³⁴ RGAE, f. 413, op. 31, d. 9594, ll. 10–11, May 19, 1978 (Otchet o rabote delegatsii SSSR na tret’ei chasti IX spetsial’noi sessii Soveta IUNKTAD).

³⁵ International Bank for Reconstruction and Development, Supplementary Financial Measures: A Study Requested by the United Nations Conference for Trade and Development (Washington, DC, 1965); Toye and Toye, *The UN and Global Political Economy*, 222; John Toye, *UNCTAD at 50: A Short History* (New York, 2014), 36; RGAE, f. 413, op. 31, d. 1305, l. 3, October 21, 1966 (Otchet sovetskoi delegatsii o rabote IV sessii soveta po trgovle i razvitiui); and AVPRF, f. 46, op. 26, p. 256, d. 10, ll. 190–93, September 3, 1964 (Otchet o rabote Tret’ego komiteta Konferentsii OON po trgovle i razvitiui).

At the same time as it issued stern warnings against western credit at UNCTAD, the Soviet government overlooked these very same risks in its own backyard. The USSR considered contracting debts with the west a grave danger at UNCTAD but an acceptable policy among its “satellites” in Europe. Accepting the need of east European governments to borrow from the west may be explained with the Soviet wish to make the SEV system less burdensome and inefficient—an interest-based decision to favor the liberal circulation of capital. Yet the Soviet government rejected equally liberal proposals from UNCTAD, concerning trade as well as finance, which could have made the SEV system slightly less burdensome and may have benefited the USSR’s economy directly with low risk of large-scale economic turmoil.

Looking at the USSR as an interest-maximizer with a consistent agenda on international trade offers a partial view. Building an economic relationship with the western world was a top priority for the Soviet state, even when this carried potential economic costs and political risks for the USSR. Building deeper commercial relations with the Global South, as advocated by UNCTAD, was rarely given more than rhetorical attention, even when this would have been advantageous to the Soviet economy. Buying from and selling to the west was more than an economic necessity for the Soviet state. What the USSR appeared intent on maximizing in the international economic sphere were its exchanges with the capitalist world, sometimes regardless of the consequences for its own economy. The “desire”—as Soviet interpreters translated Patolichev’s *stremlenie* in 1964—to pursue trade with the west was an objective in and of itself, suggesting that Soviet dependence on the western world went beyond economic needs. What exactly the USSR was after—integration, parity, productivity, profit, recognition, respect, security, status, transactions, or perhaps remaking global capitalism itself—is difficult to determine, but exploring the Soviet place in the world economy would benefit from overcoming the assumption of liberal subjecthood with a focus on material incentives alone.

The Decline of UNCTAD

If liberalism is not the best lens to analyze the Soviet state for contemporary historians, it was even flimsier as a compass to navigate the global economy for the Soviet state itself. After 1973, with the USSR a more established trade partner for the west, speaking liberal was no longer as fashionable among Soviet officials. The USSR had obtained better access to western markets, but this had little to do with UNCTAD’s liberal argument for trade expansion. The capitalist world’s decision to increase trade with the USSR derived not from the application of the principle of mutual advantage, as UNCTAD argued, but from political convenience. Now that the US let Europe trade with the USSR, fulfilling a long-held Soviet desire, there was less need for UNCTAD and its liberal agenda.

From the mid-1970s, the USSR’s participation in UNCTAD initiatives became less active. At the 1976 conference in Nairobi, Kenya, Kosygin sent the habitual short congratulatory note, praising the “atmosphere” of détente and gloating at the ongoing economic crisis in the west. The message barely mentioned the benefits of international trade. The aging Patolichev, still Minister of Foreign Trade and still head of the Soviet delegation, took more of a back seat in Nairobi. Together with the other members of SEV, the USSR submitted joint position papers rehashing their commitment to peace, prosperity, and better trade conditions for developing countries. Three years later, for UNCTAD V in Manila, Philippines, Soviet and socialist representatives condemned protectionist measures in the west, which they argued were the consequence of economic crisis in the capitalist world. This was especially dangerous for the Global South for, in the words of the joint official statement, the “planned nature of a socialist economy” enabled the socialist countries “to screen themselves against the penetration of their economies by recession and inflation from the

West.” The full conflagration of the debt crisis in eastern Europe was just a few months ahead.³⁶

Behind closed doors, Soviet representatives highlighted the “difficult environment” in which UNCTAD operated and the “serious disagreements” among its member states. “UNCTAD resolutions—MVT reported in 1976—do not always have a rational or progressive character.”³⁷ After 1968, UNCTAD never recovered the impetus of its early years. Without a charismatic figure like Prebisch at the helm, and marred by visible rifts among representatives from different parts of the Global South, the organization lost relevance. It is telling that in 1974, when the UN General Assembly passed the resolution on a “New International Economic Order” (NIEO), the text did not make any reference to UNCTAD. While the idea of a New International Economic Order was born out of UNCTAD discussions, the NIEO resolution did not mention the organization once. On the contrary, the text addressed the International Monetary Fund, the United Nations Development Program, the United Nations Economic and Social Council, and the World Bank. Over the years, UNCTAD turned into one more UN agency that produces studies and statistics but has little political weight.³⁸

In line with the general decline of the organization, from the mid-1970s the Soviet government found little interest in UNCTAD debates, from commodity trade to technology transfer. In November 1980, MVT representatives congratulated themselves on having resisted the “maximalist aspirations of developing countries supported by the UNCTAD secretariat,” which demanded better access to Soviet technology. The following year, some of the same representatives participated in the organization of a series of seminars for UNCTAD delegates from the Global South. The seminars, to be held in Moscow in 1983, were to focus on how the USSR had addressed problems of economic development and how Soviet solutions could be relevant to states in Africa, Asia, and Latin America. One wonders what the official line on technology transfer was at these seminars. As usual, Soviet officials switched on and off the liberal register at will, continually redefining what was in the Soviet state’s interests.³⁹

³⁶ A. Kosygin, “Message from Mr. A. Kosygin, Chairman of the Council of Ministers of the Union of Soviet Socialist Republics,” in *Proceedings of the United Nations Conference on Trade and Development, Fourth Session, Nairobi, 5–31 May 1976 Volume I: Report and Annexes* (New York, 1977), 100; United Nations Conference on Trade and Development (UNCTAD), “Position Papers submitted by Bulgaria, Byelorussian Soviet Socialist Republic, Cuba, Czechoslovakia, German Democratic Republic, Hungary, Mongolia, Poland, Ukrainian Soviet Socialist Republic and Union Of Soviet Socialist Republics,” in *Proceedings of the United Nations Conference on Trade and Development, Fourth Session, Vol. 1*, 145–71; and United Nations Conference on Trade and Development (UNCTAD), “A: Evaluation of the world trade and economic situation and consideration of issues, policies and appropriate measures to facilitate structural changes in the international economy, taking into account the interrelationships of problems in the areas of trade, development, money and finance with a view to attaining the establishment of a new international economic order and bearing in mind the further evolution that may be needed in the rules and principles governing international economic relations and UNCTAD’s necessary contribution to a New International Development Strategy for the Third United Nations Development Decade,” in *Proceedings of the United Nations Conference on Trade and Development, Fifth Session, Manila, May 7–June 3, 1979, Volume I: Report and Annexes* (New York, 1981), 178–82.

³⁷ RGAE, f. 413, op. 31, d. 8418, ll. 198–200, May 1976 (Otchet delegatsii SSSR o rabote IV sessii Konferentsii OON po trgovle i razvitiu [IUNKTAD]); and RGAE, f. 413, op. 31, d. 9031, ll. 2–3, August 1977 (Otchet sovetskoi delegatsii po rabote na III sessii Mezhpriatel’svennoi gruppy ekspertov IUNKTAD).

³⁸ Toye and Toye, *The UN and Global Political Economy*, 230–53; UN General Assembly Resolution 3201 (S-VI), “Declaration on the Establishment of a New International Economic Order,” May 1, 1974; and UN General Assembly Resolution 3202 (S-VI), “Programme of Action on the Establishment of a New International Economic Order,” May 1, 1974. For an analysis of the NIEO’s intellectual roots and its origins in UNCTAD debates, see: Bockman, “Socialist Globalization against Capitalist Neocolonialism,” 109–28.

³⁹ RGAE, f. 413, op. 32, d. 943, l. 10, November 1980 (Otchet o rabote sovetskoi delegatsii na tret’ei sessii komiteta po peredache tekhnologii IUNKTAD); and RGAE, f. 561, op. 63, d. 38, ll. 70–71, April 29, 1983 (M. Davydov [UNCTAD] to A.M. Popov [SEV]).

Both the USSR and UNCTAD presented themselves as projects alternative to mainstream economic thinking and practices. Neither was. The USSR rejected markets as an instrument of economic management at home but strove to participate in the system of global trade exchanges. UNCTAD embodied the Third World's aspiration to construct a more equitable economic order but embraced the premises of reigning economic liberalism. Both projects purported to contest western predominance, but neither could do without the west.

The USSR was instrumental in the establishment of UNCTAD in the mid-1960s. From 1964, Soviet representatives were active participants in both the everyday work of UNCTAD as an organization and at the regular large-scale conferences. The primary goal of Soviet engagement with UNCTAD was obtaining better access to western markets—a traditional preoccupation of the Soviet state, and something the USSR shared with most of the Third World. Simultaneously, the same Soviet representatives worked to “protect” the USSR's existing arrangements within its bloc from any attempt to extend the SEV system of preferences to Third World countries. This set of goals and priorities reflected the complexity of the USSR as a political and economic actor on the world stage. Discounting this complexity in favor of linear explanations risks obfuscating as much as revealing. The Soviet relationship with economic liberalism was incoherent and frequently self-contradictory. Soviet representatives focused on one element of the doctrine that suited their agenda—easier east-west trade—and ignored everything else. In this, the USSR was no different from most capitalist states, whose adherence to liberal principles was just as selective. The abstract argument that unrestricted exchanges between open economies benefited all, which is at the heart of liberal economic thinking, may have had significant traction among economists both in the west and in the socialist world. However, neither system was willing to give up the privileges that came with protectionism for the sake of potential efficiency gains.

In the Soviet context, what represented gains or losses did not necessarily follow deterministic parameters based on interest. Krylova has warned historians against taking the idea of a liberal subject—an individual who always acts in their own interest—as the main category of analysis to investigate Soviet society. “The liberal point of view,” Krylova argues, is a historical construct to “be critically reflected upon” rather than taken as a starting assumption.⁴⁰ The parameters liberal actors use to determine what constitutes their interest—or advantage, utility, profit, efficiency—shift and turn according to political circumstances and ideological preferences. Therefore, they do not always correspond to the parameters that liberal thinkers, including economists, favor.

The Soviet state was no different from Soviet individuals in having an instrumental and troubled relationship with liberalism. In pursuing better access to western markets, a goal compatible with the liberal economic canon, Soviet representatives spoke the language of liberalism, advocating efficiency, profit, and mutual advantage. The same representatives also defended the Soviet government's preference to keep SEV a closed system, despite the costly and inefficient nature of this arrangement. In this case, Soviet officials eschewed the language of liberalism in favor of moral indignation about the evils of imperialism and calls to other states to right their historic wrongs. Moreover, the Soviet government issued stern warnings against credit from the west, while encouraging its socialist allies to contract debt with the same west. From a liberal, advantage-seeking point of view, this was ineffective and even self-defeating. From the point of view of Soviet officials, economic liberalism was what they made of it.

Central to the Soviet state's relationship with economic liberalism was its relationship with capitalism as practiced in the west. At UNCTAD, the Soviet leadership pursued increased trade links with the west with a drive that bordered on obsessive. As Sanchez-Sibony has noted, the Soviet government was not simply after “Western stuff to keep the

⁴⁰ Krylova, “The Tenacious Liberal Subject in Soviet Studies,” 146.

people happy.” He argues that the Soviet aim was building “a new relationship with the West, which is to say, a new relationship with the global production and circulation of capital.”⁴¹ A central task for historians of the USSR as an economic actor will be to explore the nature and constitutive elements of this new relationship. Assuming that the USSR was a profit-seeking, utility-maximizing actor with a linear agenda offers a limited perspective. To investigate what the Soviet state was after, historians will need to interrogate ambiguous concepts such as ambition and desire alongside the categories of interest and necessity. William Reddy described his early work as “constantly slaying the dragon of ‘self-interest.’”⁴² Economic historians of the Soviet state need to confront the same dragon.

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⁴¹ Sanchez-Sibony, *The Soviet Union and the Construction of the Global Market*, 14.

⁴² William Reddy quoted in Jan Plamper, “The History of Emotions: An Interview with William Reddy, Barbara Rosenwein, and Peter Stearns,” *History and Theory* 49, no. 2 (May 2010): 238.