

The 25th Anniversary of the Council
for Mutual Economic Assistance

AN EFFECTIVE INSTRUMENT

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The transferable rouble plays an increasingly important role in the development of socialist economic integration. The transferable rouble was "born" on January 1, 1964, when the International Bank for Economic Cooperation (IBEC) began its operations in Moscow. As distinguished from the national currencies of the CMEA countries (the Bulgarian lev, the GDR mark, the Soviet rouble, etc.), the transferable rouble does not exist in the form of banknotes, treasury notes or coins. All settlements in transferable roubles are effected by written order by the transfer of means from the account of one IBEC country to that of another.

Transferable roubles originate as the result of the export of commodities and services. Another source of transferable roubles are the credits extended by the IBEC and the International Investment Bank (IIB). In other words, the transferable rouble appears only as the result of commercial transactions. The transferable roubles received from commodity exports may be freely used to pay for imports from any IBEC country. This manifests the transferability of this currency and explains its name -- the transferable rouble.

The transferable rouble is the international socialist currency of the CMEA countries. It differs in principle from their national currencies, including the Soviet rouble. Created on the basis of an inter-state agreement, the transferable rouble operates only in the field of international commercial relations. Its purchasing capacity expresses itself via foreign-trade prices. The national currencies of the CMEA countries function in accordance with the legislation of every state concerned. Issued by the national banks, these currencies are used, as a rule, within the confines of given countries and their purchasing capacity reveals itself via national prices.

The transferable rouble is the world's first genuinely collective currency. It reflects the common economic interests of the fraternal countries which created it. All matters pertaining to the transferable rouble are solved, on the basis of equality, by all the IBEC countries, with each country having one vote irrespective of its share in the Bank's authorised capital.

The transferable rouble serves plan-based commodity exchange which is effected on the basis of concerted contractual prices and long-term agreements. This fact promotes the dynamic economic growth of the fraternal countries.

The fixed gold content (0.987412 gramme of fine gold), the stable rate of exchange and the commodity backing -- all this makes the transferable rouble the most reliable currency in the sphere of international economic relations.

However, some persons apparently do not want to understand this. One cannot but be surprised at reading the "forecasts" as regards the transferable rouble, which appeared, for example, in a survey of the UN Economic and Social Council. The authors of the survey assert that the Comprehensive Programme of Socialist Economic Integration allegedly envisages turning the transferable rouble into a common means of payment and an intra-CMEA reserve currency.

In reality, however, the transferable rouble has long since been reliably fulfilling the functions of an international currency, being a measure of value, a means of payment and a means of accumulation. At present, the proportion of commodity exchange effected by means of the transferable rouble constitutes nearly two-thirds of the entire foreign trade of the CMEA countries. The total of settlements in transferable roubles grew from 22,900 million in 1964 to nearly 48,000 million in 1973. In the 10 years of the operation of the transferable rouble the grand total of settlements in the international socialist currency has reached the impressive figure of 325,000 million.

The transferable rouble is used as a means of accumulation on a growing scale. It is employed, among other things, for the plan-regulated growth of imports, the return of interstate and IBEC credits and the formation of the authorised capitals of the international organisations set jointly by the countries concerned. Transferable roubles account for 80 per cent of the IBEC authorised capital and 70 per cent of the IIB authorised capital.

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The mutual settlements of the IBEC member-countries on the multilateral basis are balanced with the aid of the transferable rouble. The credits granted to the IBEC member-countries for evening out their payment balances run into hundreds of millions of transferable roubles. All this confirms that the transferable rouble plays the role of an international socialist reserve currency.

That is why the Comprehensive Programme does not provide for imparting to the transferable rouble functions of an international currency: it discharges them even now.

The task realistically set by the CMEA member-countries is to make the transferable rouble play its role still more actively. Measures are being taken to expand the sphere of its application. With the institution of the International Investment Bank, the transferable rouble has "overstepped" the framework of foreign trade and now covers the field of capital investments. At present it is used not only by banks, but also by other joint organisations of the CMEA member-countries. The establishment of a number of international economic associations by decision of the 27th session of the CMEA opens up fresh opportunities.

Conditions are also appearing for expanding the geographical boundaries for the application of the transferable rouble. The Republic of Cuba became a member of the IBEC and of the IIB early in 1974. This means that the transferable rouble can now be used on the three continents--in Europe, Asia and Latin America.

The advantages of the CMEA countries' collective currency can be seen particularly graphically against a background of the deep crisis of the capitalist monetary system. The CMEA member-countries are dependably protected against the influence of that crisis. The currency-financial system of the socialist countries serves well to promote international cooperation.

What is meant here is not only cooperation among the CMEA member-countries. Any state which is not a member of the CMEA, providing goodwill, can avail itself of the advantages of the multilateral system of settlements in the transferable roubles of the states of the socialist community. The Comprehensive Programme for the Development of Socialist Economic Integration provides for the extension of the sphere of application of the transferable rouble beyond the CMEA's confines.

The utilisation of the transferable rouble in settlements will offer definite economic advantages to the non-member countries of the bank. For effecting settlements, the IBEC, as the need arises, can grant a credit for a term of up to three

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years at the favourable annual interest rate of 1.5 per cent. Besides, the transferable rouble is not subjected to spontaneous fluctuations, whereas settlements in the currencies of capitalist countries in the conditions of crisis situations in them are always fraught with the possibility of economic losses connected with both the depreciation of currencies and with the sharp fluctuation of prices.

The socialist community pays much attention to cooperation with the developing countries. The states that have embarked on the path of independence can avail themselves of the advantages of the transferable rouble also when receiving subsidies from the IIB's special fund for crediting measures connected with economic and technical assistance to the developing countries. The 95 per cent of this fund created by the CMEA member-countries are made up of transferable roubles. It has started functioning this year. Such assistance has no political strings attached and does not involve any infringement upon the interests of the developing states.

The positive changes in the international arena, the implementation of the Peace Programme advanced by the 24th CPSU Congress, open up favourable prospects for the further expansion of commercial and economic relations between countries with differing social systems. The CMEA member-countries' partners in trade, the settlements with which are now effected on a bilateral basis in other currencies could avail themselves of the economic advantages of the system of settlements in transferable roubles.

The economic potential of the socialist community is steadily growing. There is no doubt that the transferable rouble, too, as an effective means of international cooperation will occupy a place corresponding to the weight of the CMEA member-countries in the world economy.

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