

# Comecon Endorses Debt Moratorium, New World Economic Order

*The following are extracts from an article entitled "The Fourth UNCTAD Conference Amidst Anti-Imperialist Conflicts" by Helmut Faulwetter and Gerhard Scharschmidt, appearing in Deutsche Aussenpolitik, monthly journal of the German Democratic Republic Institute for International Relations.*

... The major imperialist countries rejected the developing countries' integrated raw materials program because it would strengthen the developing countries' national sovereignty over their natural wealth, limit the monopolies' profits and would provide for certain interventions into the spontaneous development of the raw materials markets in the interests of the developing countries. The imperialist countries, on the other hand, are still interested only in regulations which would help them secure high profits and raw materials from the developing countries by means of capital exports. This is the reason for the United States' proposal to found an International Resources Bank. When U.S. Secretary of State Kissinger stated before the plenum of UNCTAD IV that the USA would not accept all the elements of the integrated raw materials program, he was proposing a complex approach to this problem from the USA's standpoint. This would include securing guarantees for foreign capital to earn monopoly profits, and also to bring in an international bank for this purpose.

The Nairobi conference also dealt with a problem which is very critical for most developing countries, the debt problem; with measures to raise so-called "economic aid" and to lighten the conditions under which it is given to the developing countries; and with questions of the reform of the capitalist monetary system. The high level of exploitation of the developing countries by the imperialist monopolies and by the developed capitalist countries led — and still leads — to significant draining away of their wealth and thus to reductions in their export incomes. By 1973 this had already caused the non-oil exporting developing countries to have a trade deficit of \$13 billion.... These countries have been forced to look for a way out through a large degree of indebtedness. For 86 developing countries alone the total debt in 1973 amounted to \$119 billion. Following 1973, the capitalist economic crisis, which limited the developing countries' export possibilities, led very rapidly to further growth in their negative trade balance. Since then the debts of those countries have risen an average of more than 15 per cent annually, so that today the developing countries' total debt amounts to over \$170 billion. Repayment and debt service are demanding either a constantly growing portion of export incomes or else new capital intake, which simultaneously strengthens the tendency for the rate of net returns to fall. Already for a number of developing countries it has become no longer possible to procure the necessary funds for payments due. The countries of Zaïre, Argentina, and Egypt, for example, declared in the first half of 1976 their inability to meet their payment schedules. As a result the developing countries are demanding debt relief from the major imperialist creditor countries, through extensions or write-offs, and a moratorium for commercial debts. As the same time they are demanding that the developed capitalist countries raise their net contributions of "economic aid" and provide more favorable conditions for these capital supplies, as well as easier access to these coun-

tries' capital markets and a correspondingly more favorable attitude to them on the part of the imperialist international financing institutions. The intensity of these developments makes it clear that solutions to these problems had a very high priority for the developing countries during the Nairobi conference.

The socialist countries support these just demands of the developing countries, who have been driven into this situation by colonialism and neo-colonialism. An appropriate response from the imperialist countries of the monopoly could ease the situation of the developing countries....

The socialist countries are nonetheless ready to cooperate with interested developing countries on a mutual basis and with a view to the concrete situation. In continuation of their previous practice they are offering technical-economic support and the credit tied to this for the realization of concrete and planned objectives. They will continue to concentrate their support in the public sector, which will contribute to the consolidation of sovereignty and to a greater orderliness in all economic development.... At the same time the socialist countries support measures which will lead to a transformation of the developing countries' relations to the developed capitalist countries, thereby relieving the developing countries' payments and accounting problems....

## **Imperialist Countries Blocking Solution to the Debt Problem**

The imperialist countries are blocking the way to any positive discussion of the most important of these questions. Work in the responsible negotiating group actually had to be broken off after a few days. Three draft proposals on this could not even be discussed fully, and were referred to the UNCTAD Council. A successful discussion of a resolution on questions of the capitalist monetary and financing system likewise failed because of the imperialist countries' uncompromising resistance. According to Kissinger, an "improved world economy will automatically solve the problem for many countries," whereby the improvement of the global economy is supposed to result from the "improved" and expanded effects of the economic laws of capitalism. The net effect of this statement is that the imperialist side demands that everything must be done to support the growth and flourishing of capitalism in the world....

The experiences confirm nevertheless that the demands of the socialist and developing nations are leading towards a new type of economic relations, which are characterized in the fact that equal, mutually beneficial and planned relations develop from them. These relations differ from the essence of capitalist trade relations, ... whereby it would not be useful for the deepening of these relations to only promote exports on the part of the developing countries. The comprehensive discussions on all raised questions led to a resolution which was unanimously endorsed by all participants. The resolution contains recommendations directed to the socialist states, the developing countries, as well as the capitalist industrialized nations, to undertake in joint efforts the deepening of these relations, but also respectively for the socialist states, the developing countries and the UNCTAD secretariat, to undertake specific actions for the promotion of trade and economic cooperation.