

Sultanbek Khojabekov, Master of Science student of 2nd course, International commercial (private) law, Tashkent State University of Law.

International credit and history of its development

Annotation: International credit is one of the forms of the movement of monetary and material means in international economic relations. A creditor to a borrower on condition of repayment bases it on the temporary provision of financial and commodity resources at a set time and with interest. International credit is closely linked to the formation and development of the world economic systems. The essence, forms, and functions of international credit are determined by the socio economic conditions under which it is applied.

Key words: credit, international credit, economic relations, economic systems, creditor and borrower.

Международный кредит и история его развития

Аннотация: Международный кредит – это одна из форм движения денежных и материальных средств в международных экономических отношениях. Он основан на временном предоставлении финансовых и товарных ресурсов кредитором заемщику при условии погашения в установленный срок и с процентами. Международный кредит тесно связан с формированием и развитием мировых экономических систем. Сущность, формы и функции международного кредита определяются социально-экономическими условиями, в которых оно применяется.

Ключевые слова: кредит, международный кредит, экономические отношения, экономические системы, кредитор и заемщик.

International credit is a form for the movement of loan capital between countries with the aim of obtaining the highest possible rate of profit and gaining political advantages. This form of credit was one of the levers for the initial accumulation of capital. During the period of industrial capitalism, it helped to industrialize production and exchange and to form the world market.[1]

In the era of imperialism, international credit has been turned into one of the main forms of exporting capital and into an implement for the struggle of the imperialist states for markets and for the most profitable spheres of capital investment. With the development of state-monopoly capitalism, international credit in the hands of the imperialist states became a means of political and economic expansion.[2] The imperialist states use international credit, a form of financing international trade, to preserve an export structure advantageous to themselves in the developing countries. Since World War II, international credit has been widely used to mitigate the chronic instability of the monetary system and to support the leading currencies, above all the US dollar.

Several basic types of international credits are used, including corporate, bank, and intergovernmental credits and credits of international monetary and financial organizations. Credits may take a commodity or a monetary form. International credit can be:

- *short-term* (up to one year);
- *medium-term* (from one to 5-7 years);
- *long-term* (more than 5-7 years).

Corporate credits are usually extended in a commodity form by companies, with deliveries of strictly determined types of goods by the exporter firms; the credits are most often granted within the limits of the value of the firm's commodity exports. The credits are basically short-term and medium-term.

Bank credits take such monetary forms as discounts of bills of exchange, commodity and other loans, contra account credits, and bank acceptances. In the 1960's, medium-term bank credits for specific purposes became common; these were granted by the major commercial banks or consortiums of banks for financing specific projects and for purchasing large batches of equipment in the creditor states. In particular, the exports of machinery and equipment from the United States to Japan in the 1960's were financed to a significant degree through credits and loans

of private commercial banks. Bank crediting has also been widely used in financing US exports to such Western European countries as Norway, Denmark, Sweden, Greece, and Spain.[3]

With the strengthening of the state-monopoly trends in the sphere of international credit, intergovernmental credits have been widely developed. From 1948 to 1951, through a system of governmental subsidies and loans under the Marshall Plan, the United States gave \$12.3 billion of “assistance” to the states of Western Europe, a program that served as a basis for a full-scale offensive by American monopolies in Western European markets. Intergovernmental credits have been widely used by the imperialist states as an implement of neocolonial policy vis-à-vis the developing countries.

The credits are earmarked for strictly defined sectors of production whose development does not encroach on the interests of the monopolies in the credit or countries. They are also designated for development of the infrastructure (education, communications and transport, and the other underlying economic sectors of society); the development of this sector is a necessary condition for the influx of private investments from the developed countries. The granting of credits is frequently linked with demands for commercial and monetary advantages to the foreign companies and for the participation of the developing countries in economic groupings and military-political alliances.[4]

Much of this credit is “blocked”; that is, it is granted for acquiring necessary commodities only from the creditor states. Thus, in 1967, 93.7 percent of the state credit going to the developing countries was blocked: 96.5 percent of the total volume of US state credits was blocked, 86.6 percent of Japan’s, 72.6 percent of Italy’s, 61.8 percent of France’s, and 57.1 percent of Great Britain’s. The monopolies of the several states substantially inflated the prices for the goods to be sold on credit, which led to the worsening of the monetary position of the developing countries; at the end of the 1960’s they were losing more than \$1 billion annually as a result of this price inflation.

Short-term credits of the “swap” type (the exchange of currencies between countries) are a variety of intergovernmental credits of the states and are a means of evading the chronic deficits of the balance of payments and the instability of the currencies of the leading states. Swap credits have been provided since 1962 by the central banks of the countries on the basis of bilateral international agreements. They have been widely used by the United States since 1962, by Great Britain since 1966, and by France since 1968. A specific form of inter-governmental credit is the credit granted by the countries to one another within the system of “special drawing rights,” introduced on Jan. 1, 1970.[5]

The postwar years have seen a sharp increase in the role of the credits of monetary and financial organizations, including the International Monetary Fund and the International Bank for Reconstruction and Development, with its affiliates the Inter-American Development Bank and the Asian Development Bank. These credits are used by the imperialist states as one of the means of an expansionist foreign policy.

With the constant exacerbations of the crisis in the 1960’s of the monetary system, the International Monetary Fund began to provide the central banks of the countries with currency credits on the basis of bilateral agreements of “support” (reserve credits).[6]

It is necessary to note that international credit in the foreign economic relations of the socialist and industrially developed countries is an important means of financing their reciprocal trade. During the prewar years (1935-40), the USSR used credits provided by Germany, Great Britain, and Sweden to purchase equipment in these countries.[5] During World War II the members of the anti-Hitler coalition of Great Britain, the United States, and Canada extended intergovernmental credits to the USSR for Soviet purchases in these countries. During the early postwar years, the countries received virtually no long-term international credits from the countries. Corporate credits were the basic form of credit relations.

REFERENCES

1. Karpich, V. Commonwealth bank. Moscow, 2006 (new version).
2. Chizhov, K. Ia. International monetary-financial organizations, 3rd ed. Moscow, 2008 (reissue).
3. Frei, L. I. Monetary and financial settlements. Moscow, 2009 (new edition).
4. Shelkov O.M International credit, St.-Petersburg, 2011.
5. Avdokushkin E.F. International economic relations, Moscow, 2013
6. Jeffrey Sachs, IMF and The World Bank // Independent newspaper, 7th march 2001.