

CONSEIL DE L'ATLANTIQUE NORD  
NORTH ATLANTIC COUNCIL

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177

ORIGINAL: ENGLISH  
31st July, 1974

ADDENDUM to  
WORKING PAPER  
AC/127-WP/402

ECONOMIC COMMITTEE

Addendum to Working Paper AC/127-WP/402 of 10th July, 1974

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AC/127-WP/402

COMECON HISTORY AND STRUCTURE

A. Historical Outline

1. The COUNCIL FOR MUTUAL ECONOMIC ASSISTANCE was founded in January 1949 - the first meeting of the USSR and its associates at the state level. The original members were the USSR, Bulgaria, Czechoslovakia, Hungary, Poland and Romania. Albania joined the following month, the GDR in September, 1950.

2. Four phases in COMECON history may be distinguished:

(a) The Stalin Period (1949-54)

From its foundation until shortly after Stalin's death COMECON was practically dormant. The Soviet Union exerted its influence bilaterally and all members accepted a Soviet type economic structure and policy.

(b) The Khrushchev Period (1954-63)

This active phase of COMECON is associated with Khrushchev's adventurous policies. Already in 1954 the practice of self-sufficiency for the smaller states of Eastern Europe was recognised as uneconomic and the idea of a socialist commonwealth was mooted. In 1956 the creation of COMECON institutions began in the form of 12 Standing Commissions - afterwards increased to 20 - and in 1959 the Statute was approved. In the early sixties Khrushchev sought to use COMECON as a front both against the Common Market and China. In this connection the Albanians left COMECON in 1961, and Mongolia was brought in in 1962. In order to make the organization more effective, an Executive Committee

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was set up in 1962, and a set of Principles was proposed. Khrushchev's attempt to create a single planning organ for all members provoked the open resistance of Romania and no doubt the tacit opposition of others.

(c) The Quiet Period (1963-68)

Early in 1963 the Soviets gave up the attempt to impose supra-national planning and reverted to bilateral forms of agreement. In this period COMECON structure was quietly extended and consolidated on the basis of agreement among willing members. Considerable efforts were made to expand trade and to develop inter-country specialisation.

(d) The New Thrust (1969 onwards)

The occupation of Czechoslovakia and the set-back to the reform movement in Eastern Europe helped to consolidate Moscow's ascendancy in Eastern Europe on the basis of which the Soviet leaders could afford to negotiate with the West. The concept of socialist integration was put forward as the "Comprehensive Programme" in 1969 and approved in 1971. The major theme of this composition, loudly voiced by the Soviets, was co-ordinated planning and, where possible, common planning, while countries like Poland and Hungary were associated with the minor theme of price reform and currency convertibility.

3. At present full members are: Bulgaria, Cuba, Czechoslovakia, GDR, Hungary, Mongolia, Poland, Romania and the USSR. Yugoslavia is an associated member; North Korea and North Vietnam have observer status and Iraq asked in spring 1973 to obtain a similar status. Finland recently signed a co-operation agreement with COMECON.

B. Structure(1)

4. The COUNCIL meets in full session about once a year. In addition special meetings may be held.

5. Since 1962 there has been an EXECUTIVE COMMITTEE which meets every few months and brings together high national officials. Two new Committees at this same level, the COMMITTEE FOR CO-OPERATION AND PLANNING and the COMMITTEE FOR SCIENTIFIC AND TECHNICAL CO-OPERATION were set up in 1971.

6. The SECRETARIAT is a permanent staff which co-ordinates the activities of the various other bodies and reports to the Executive Committee and the Council.

(1) A comprehensive account of COMECON structure can be found in AC/127-D/483

7. There are now about twenty STANDING COMMISSIONS which deal with various economic sectors. Some of these have links with SPECIAL BODIES such as the Electricity Grid, the Druzhba Pipeline, the Wagon Pool, the COMECON banks and those concerned with metals, chemicals, ballbearings, etc. These specialised organs do not necessarily group all COMECON member countries but only those who have a specific interest in them.

8. Somewhat similar to the Commissions are the STANDING CONFERENCES concerned with such matters as legal affairs, patents, freight, etc. There are also two Institutes dealing respectively with standardisation and the economic problems of the world socialist system.

9. The two banks are subordinate to the Commission for Currency and Finance. The International Bank for Economic Co-operation (IBEC) began operations in 1964. Its main task is to clear all members' accounts in transferable rubles -- the money of account of intra-COMECON trade. It accepts deposits and grants credits to members and it operates in convertible currencies in Western countries. The Internal Investment Bank (IIB) started to function in 1971. Its main purpose is to attract deposits and to grant credits for COMECON projects, part of which can be in convertible currency. This bank also operates on Western markets. A special fund was set up in January 1974 for economic and technical aid to developing countries.