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NORTH ATLANTIC COUNCIL

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SUB-COMMITTEE ON SOVIET ECONOMIC POLICY

THE PRESENT POSITION OF THE COUNCIL FOR  
MUTUAL ASSISTANCE (COMECON)

Note by the Secretary

You will find attached the comments prepared by Dr. Klocke (Ministry of Economics, Bonn) on Working Papers AC/89-WP/227/1 and AC/89-WP/227/2, communicated to us by the German Delegation.

(Signed) A. TANSEVER

OTAN/NATO,  
Brussels, 39.

NATO SECRET

THE PRESENT POSITION OF THE COUNCIL FOR  
MUTUAL ASSISTANCE (COMECON)

I. Remarks on AC/89-WP/227/1

Opening paragraph:

The problem of exchange of labour is still unsolved. Labour surpluses exist in Bulgaria, Rumania and Poland, while there is a labour shortage in Czechoslovakia and labour will become scarce in a few years in Hungary unless very far-reaching rationalisation measures are taken. In some countries (Hungary, CSSR) even inter-regional manpower exchanges have not been carried out. In former years it was primarily due to political considerations that no measures were taken to solve this problem within COMECON. It was probably also feared that workers from less industrialised countries would claim a higher standard of living after having worked in more prosperous countries. However, tourism within the COMECON countries has given people from the more "under-developed" countries an opportunity to witness the higher standard of living in other countries. Nevertheless, the basic trend concerning manpower exchanges has not changed. The basic political objections against the exchange doubtlessly still exist. Moreover, it is possible that additional difficulties are feared for the balances of payments.

The possibilities of working with organizations such as Intermetall have been mentioned in AC/89-WP/227.

Paragraph 3:

A common central economic plan would in any case correspond to the theoretical concept of a centralized planned economy. Whether it will prove to be an optimum instrument in practice depends on the efficiency of the government and the administration.

It may be assumed that the Marshall Plan has been a contributing cause to the creation of CEMA. However, we believe that the original Eastern concept existed already before.

Paragraph 6:

Agreed.

Paragraph 7:

It should be taken into consideration that even the machinery produced in Czechoslovakia is hard to sell on Western markets.

Paragraph 8.b:

It is probable that short- and medium-term planning is being co-ordinated, while the long-term plans for some economic sectors are prepared in common.

Paragraph 11:

The objections are considered appropriate and the wording "up to now" is accepted.

Paragraph 15:

The existing co-operation with Western countries should not be overvalued.

Paragraph 17:

Agreed.

II. Remarks on AC/89-WP/227/2

We think that the importance of co-operation in foreign trade has been strongly emphasized in AC/89-WP/227. Co-operation in the financial sector appears to us most insignificant and highly unsuccessful. Technical-scientific exchanges are also much less frequent than between some Western countries. Achievements have been reached in standardization. Co-ordination of the major investment projects has apparently been reached in some industrial branches (steel works) but not in others (automobile production). However, it was even admitted by Eastern sources that in most cases the optimum size of enterprises - even the size required for profitable operation - has not been attained.

Paragraph 2:

We are aware of the co-operation between certain enterprises; it has even been extended recently. However, the influence of the economic reforms on this sector and the results should be awaited.

Paragraph 4:

Agreed.

Paragraph 6: 3rd sentence:

Agreed.

Paragraph 6: 6th sentence:

Agreed. This remark was not included into the German Note since AC/89-WP/227 was written for a specific purpose.

Paragraph 8.b:

It seems probable that short- and medium-term planning is being co-ordinated, while long-term plans are prepared in common.

Paragraph 11: 3rd sentence:

We agree that the sentence be amended according to the last sentence of the United Kingdom comments.

Paragraph 15:

We agree to the amendment.

Paragraph 17: 1st sentence:

This could be added especially in view of later decisions by Rumania.