

CONSEIL DE L'ATLANTIQUE NORD
NORTH ATLANTIC COUNCIL

EXEMPLAIRE N° 176
COPY

ORIGINAL: ENGLISH
11th December, 1967

NATO CONFIDENTIAL
WORKING PAPER
AC/89-WP/227/2

SUB-COMMITTEE ON SOVIET ECONOMIC POLICY

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

Comments by the United Kingdom Delegation on AC/89-WP/227

General

We agree with the general conclusions drawn in this paper, namely that, with the abandonment of the concept of economic integration based on a supra-national plan, the bilateral approach in intra-bloc relations has been strengthened and this will continue to be the most acceptable basis of co-operation. However, it seems to us that too little attention is given in the paper to those fields in which COMECON countries have shown some achievements, and in which they might continue to co-operate effectively on a multi-lateral basis, e.g. foreign trade; finance; transport; standardization; scientific and technical research; joint investment projects, and joint production and marketing schemes, such as Medicor.

Paragraph 2

The statement in the last sentence appears over-cautious. There seems little doubt that the enterprises will acquire more initiative and independence in the running of their affairs as a result of the economic reforms. Mention might be made here of the two inter-firm agreements which have been concluded recently between Zeiss, Jena, and the Hungarian Optical Works, MOM, and between Zeiss and Leningrad State Optical Works, providing for joint production and research. Such co-operation agreements between individual firms are, as far as we know, a new development in bloc economic relations.

Paragraph 3

We would agree with the United States' view that the formation of the Marshall Plan was very much a contributory cause in, if not the main impetus behind, the foundation of the COMECON.

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Paragraph 4

Kruschev's aim was, in fact, integration of the bloc economies, not merely co-operation, on the basis of a single supra-national plan.

Paragraph 6, 3rd sentence

It might be more accurate to say that Rumania "withheld" co-operation in these industries, since she did not even express an intention to participate.

Paragraph 6, 6th sentence

It might be added here that one of the results of Moscow's "pragmatic bilateral policy" was the formation, from 1963 onwards, of Inter-Governmental Commissions on Economic, Scientific and Technical Co-operation between the Soviet Union and the East European countries, on the pattern of those already established by these countries with each other.

Paragraph 7, 3rd sentence

This trade dependence on the USSR is equally true, though for different reasons, of the less industrialised countries, such as Bulgaria and Hungary.

Paragraph 8(b)

We would agree with the United States' comment that COMECON's main task is the co-ordination of countries' economic plans, as opposed to common economic planning for the whole area.

Paragraph 11, 3rd sentence

In practice, the USSR can no longer afford to disregard the economic interests of her COMECON partners. Also, to say that the East European countries' planning can only supplement Soviet planning seems misleading, if this is taken to mean that these countries' economic plans are dictated by the Soviet Union. In fact, the East European countries draw up their plans first and foremost in accordance with national requirements. Co-ordination of COMECON members' plans is carried out at an early stage and, obviously, the USSR, as the main source of raw materials' supply to East Europe, will have an influence on the development of economic planning in this area, but this is not the same thing as saying that the East European countries' plans are virtually extensions of the Soviet plan.

Paragraph 15 (top of page 11)

In 1966, the percentage share of the Soviet Union in total East European trade fell from 39% to 37% and intra-East European trade (including the USSR), as a share of these countries' total trade, fell from 66% to 62%. However, in our view these are statistical reductions following the introduction of a new price base in intra-bloc trade in 1965/66, rather than actual drops in the volume of exchanges.

Paragraph 17, 1st sentence

Rumania has now announced her intention to carry out reforms in the economy and foreign trade. (Draft Directives on Economic Management and Planning, October, 1967.)

OTAN/NATO,
Brussels, 39.