

THE COMECON

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General History

1. The first stage (1949-1955)

United by a common cause the alliance of the enemies of Fascism does not resist peace. Two years after the Yalta Conference an "Iron Curtain" falls on Europe dividing it into two opposite camps. On one side the American zone of influence and on the other side the Soviet Bloc. The "gentlemen's agreement" concluded in 1944 by Churchill and Stalin in Moscow, concerning the Balkans, is forgotten. With the exception of Greece, torn by civil war, the rest of Eastern Europe, occupied by the victorious Red Army, is passing into the soviet orbit⁽¹⁾ All the communist parties of Europe, especially the French and the Italian, considered by the American as Russia's fifth column, are striving to put up communist regimes in Western Europe. The economic difficulties of the Continent allied to the weariness of five years of war and occupation is faciliating the communist propaganda in this part of the world.

On the 5th of June 1947 Truman's Secretary of State, General Marshall, in a speech at Harvard University talks of a plan to renew and revigorate Europe's economy. The Marshall Plan was born. Convinced that political stability depends on economic expansion, the United State offers their economic power to hasten the reconstruction of the war torn old Continent.

Officially the invitation to join this Plan concerns all Europe and the

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U.S.S.R. is included. The Kremlin sends its Foreign Minister, A. Gromyko, to Paris to study the American offer of assistance. At the most, Moscow is ready to accept a bilateral economic aid without imposed conditions but vehemently refuses to embark upon a joint venture which would give the United States the indirect right of meddling in Eastern Europe's internal affairs. On the 2nd of July 1947 the definite and categorical "niet" of Moscow concerning the Marshall Plan falls. Following, the rest of Eastern Europe refuses the Plan and the recalcitrant Czechoslovakia is brought to order by the direct order of Stalin to Gohwald⁽²⁾. The Paris conference of the 12th of July 1947 starts estimating the necessary financial requirements of the different national economies. The Eastern delegates are absent. The division of Europe is affirmed and each bloc embarks upon a different destiny.

On the 3rd of Octobre 1947 the Kominform replaces the Komintern, which was dissolved in 1943⁽³⁾. Along with this formation of a united communist parties front, the soviet pressure increases and Albania and Yugoslavia become Peoples Republics in the first weeks of 1948. In Bulgaria, Hungary and Poland the communists, behind the facade of patriotic fronts, eliminate representatives of other parties from the political scene and thereby occupy the seat of power. The 30th of Decembre of 1947 King Michael of Rumania abdicates and on the 25th of February 1948 the masterful "Prague coup" gives the finishing touch to Stalin's plan of the creation of the soviet isolated bloc in Eastern Europe⁽⁴⁾.

Meanwhile the Western Powers have not remained idle and are organising themselves to face what they consider to be the new red menace.

France, Great Britain, Belgium, the Netherlands and Luxembourg

Sign on the 17th of March 1948 in Brussels the Mutual Assistance Treaty. The American Congress not only regards this step as positive but shows inclination to participate in this new joint venture. After nearly a year of talks and planning, finally, by the signing of the North Atlantic Treaty on the 4th of April 1949, Europe presents a united common military front to the threat of the U.S.S.R. and Eastern Europe.

Creation of the Comecon

The first news concerning a new economic organisation is announced by the Pravda of the 22nd of January 1949 and a few days later the world learns of the creation of the Council of Mutual Economic Assistance. By analogy with previous international communist organizations (Komintern, Kominform) the Anglo-Saxons baptize the new organization "Comecon".

Besides the U.S.S.R. have participated in the creation of this new economic set-up: Bulgaria, Hungary, Poland, Rumania and Czechoslovakia. Yugoslavia having been thrown out of the Kominform the preceding June is therefore not allowed to join the Comecon⁽⁵⁾. Albania joins in February 1949 whilst the old soviet occupied Germany, which has become the German Democratic Republic since the 2nd of October 1949, joins the Comecon in 1950. This answer of Stalin to the Marshall plan will remain, until the conclusion of the Warsaw Pact, the only mutual enterprise of the socialist countries.

The membership of the Comecon has seen many changes. Yugoslavia, after the reconciliation of Tito with Stalin's successors, joins the market as observer in 1955. The following year four Asiatic socialist countries join also as observers. They are: Mongolia, China, North-Vietnam and North Korea. Since 1961 Albania, which for many reasons, has decided to side up with

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China in its quarrel with the Soviet Union⁽⁶⁾, refuses to participate in the activities and programmes of the Comecon. Without officially retiring from it, China, Vietnam and Korea follow the Albanian example. Mongolia however, leaves its position as an observer to become a full member in 1962 and Yugoslavia in 1964 becomes prudently an associate member.

Since its creation, the Comecon has attracted the curiosity of the western observers but like many other communist organization the mystery enveloping this newly founded economic set up, especially in its early years, has not permitted the satisfaction of the western curiosity. Absolute secret concerning the structure, functions and concrete achievements of this organization was the policy of the Eastern Bloc. The real reason for this secrecy was discovered after the death of Stalin. In fact the Comecon had existed only in name and had never really functioned. As proof of this allegation it is enough to point to the fact that it was only ten years after its creation, that is in 1959, that the organization was given its structure.

The reason for this policy was that Stalin always mistrusted organizations where rules could limit his liberty of manoeuvres. Besides, Stalin never considered the conquered European Republics as legal partners and refused to talk with them as such. Bulgaria, Rumania and Hungary were considered by Stalin, because of their old sin of having fought the U.S.S.R. as allies of Nazi Germany, as conquered countries more than partners and economic allies⁽⁷⁾. During Stalin's life time the mutual aspect of the Council was only a way of favouring Moscow's economic ventures. Thus until 1955 the score of the Comecon achievements and activities was very small. It was only a very useful way of reorienting the Soviet Bloc's exchanges towards the U.S.S.R.

It must not be forgotten that until 1951 the volume of possibilities of

exchanges in the communist world was very limited in comparison to the West. This trend changes when from 1951 onwards; by a series of long term agreements and treaties between the U.S.S.R. and its west European partners as well as by the development of exchanges inside Europe, a new economic activity and life appears. This attention of the U.S.S.R. to West Europe is another cause of the lethargy observed in the whole Comecon venture during the fifties.

II. The institutional reinforcement (1956-1961)

In 1954 there are two important conferences of the Comecon. In fact, since the death of Stalin, a wind of change is blowing over the Kremlin. The new leaders of the Soviet Union are trying to replace the colonial type of relations with their satellites by a more democratic way. The first step is the disappearance of the old mixed companies by means of which the Soviet Union has been able so far to dominate the main economic activities of its socialist neighbours⁽⁸⁾. In their search to succeed in their new policy of economic cooperation, the leaders of the Kremlin stumble on the fact that the Comecon could provide a useful organizational means by which to attain their aims.

The 4th and 5th sessions of the Comecon meetings reflect this new policy. Following decisions taken at these meetings the attention is shifted from external exchange policies to coordination of development plans under study by the different national governments for the period 1956 to 1960⁽⁹⁾.

These decisions point to a main difference existing between the Comecon and its Western counterpart. Whilst the European Common Market is trying, with great difficulty, to create a common market in which economic exchanges are facilitated, the Comecon has been trying to achieve the aim of creating a broader economic union.

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Between 1956 and 1960 a series of bilateral consultations attempt to ascertain and fix in common accord the objectives of certain production plans particularly important to the Eastern Bloc. Concrete propositions are advanced in Budapest in 1955 in the fields of coal mining, steel and iron, hydrocarburants and chemical productions. The 7th session of Berlin in 1956 decides the creation of permanent commissions and thus marks a turning point in the organizational history of the Comecon, as these commissions will later be institutionalized in 1959 in the final proposed structure of the organization. A few important decisions aimed at giving a new impetus to the volume of commercial exchanges are taken in 1958. Amongst these, the most important ones being: the adoption of the standard of world prices of 1957 as the Comecon's standard of calculation of prices for exchanges within the economic union and also the signing of the first agreement concerning "multilateral clearing procedures"⁽¹⁰⁾.

However, despite the importance of these decisions, it is only in 1963 and with the creation of the International Economic Cooperation Bank that the effects of these measures can be really felt and appreciated. It is also the same year that the Council, by approving dispositions concerning "general conditions for the exchange of goods between the foreign trade organizations of the member countries", in fact takes the first few steps in creating a Comecon economic law.

Nearly eleven years after Stalin's decision to create the Comecon, on the 14th of December 1959, the representatives of eight socialist countries by adopting a charter give the Comecon its structures, functions and attributions. The text of this charter, signed in a meeting in Sofia, comes into effect on the 13th of April 1960⁽¹¹⁾.

In its first article the charter specifies: "... the principle of absolute

equality of rights, respect of national sovereignty and interests, mutual profits and fraternal assistance...". In accordance with this principle, article 4 of the charter, declares that the decisions and recommendations of the council are only adopted if approved by the interested member countries... each country has the right to dispute whether it is interested or not in a subject under discussion in the Council. These countries are therefore not obligated by the recommendations and decision which the Council reaches on the matter. The legislators of the Comecon only envisaged these articles as technical measures. However, later on, Rumania's use of the possibilities offered by this article will create many crises for the organization. For example, in 1962, Budapest by invoking article 4 of the Charter will for many years bloc the smooth functioning of the Comecon by opposing the program of specialization entitled "fundamental principles of the socialist international division of labor"⁽¹²⁾.

The Council of Mutual Economic Assistance by article of its Charter has given itself the following decision taking organizations:

- Conference of member countries representatives to the Council
- Permanent commissions
- Secretariat.

In 1962 the Conference of Member Countries Representatives gave its place to the "Executive Committee". The session constitutes the supreme organ of the Council and is held, by rotation in the different capitals of the member countries, once a year. Special sessions are held upon request of at least a third of the member countries.

These sessions, formed by the gathering of member countries delegations, with one vote each, have the right to:

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- discuss all questions and matters relating to the Organization
- adopt recommendations and decisions
- Study the Secretariat's report and that of the Executive Committee
- Orientare the activities of the afore mentioned organizations.

The Executive Committee is formed by one representative from each member country, usually with the rank of Vice-Prime Minister, and is convened at least once every two months. As it is obvious by its title, the Committee has the responsibility of putting into execution decisions taken at the session and coordinating general activities within the Comecon.

The permanent commissions, as mentioned before, were created in 1956. The Charter, by its article 8, gives them the right to submit propositions to the superior organs and also adopt recommendations relating to their competence. There are two kinds of commissions: General Economic commissions and Special Commissions for different matters. All the member countries are represented in these commissions,

The secretariat is formed by the secretary to the Council, and his aids, one from each member country. The secretariat has its main office in Moscow. The soviet capital is also the home of the Economic Cooperation Bank, the International Investment Bank and many of the special permanent commissions.

By its 14th article the Comecon has chosen russian as its official language. The top man representing the Comecon in its dealings and talks is the secretary of the Council whom by tradition has always been a Russian.

The Comecon has established official relations with the European Common Market and many of the United Nations subsidiary agencies amongst which are: the Conference for commerce exchanges and development;

the International Atomic Energy Agency; the International Labor Organization.

The secretariat with its large staff and study bureaus works in close liaison with the permanent commissions⁽¹³⁾.

First mutual achievements

The pipeline named "Družba" (friendship), which supplies the oil needs of the Soviet Union, Poland, Czechoslovakia, Hungary and the German Democratic Republic, is amongst the first achievements of the Comecon. The construction of this pipeline was decided in 1958 in Prague; work began in 1959 and it was put into operation in 1968. However, with the new oil crisis in the world and the rising consumption of this raw material, the pipeline can no longer satisfy the needs of the Comecon⁽¹⁴⁾.

Electric energy in the Comecon is transported by 1200 km of high tension wires in seven member countries. The dispatching of this line of electrical energy, known by the name "Mir" (peace), is regulated since 1963 from Prague.

In the field of transport, the International Organisation of railway cooperation, created in 1957, with its home offices in Warsaw, is trying to unify the technical regulations of the different railway organizations of the Comecon. So far this office has been able to gather, since 1964, a common pool of more than 100,000 units of transportation and many common border stations. One of the problems which the Organization has faced, and nearly solved, is the difficulty of the difference in the width of the railroads in the Soviet Union and the other countries⁽¹⁵⁾.

The Danube Commission, established in 1948 with offices in Galati, in Rumania, is the only Comecon organization in which non socialist countries such as the German Federal Republic and Austria are observers since 1957 and full members since 1960.

III. The problems of supranationality (1962-1968)

The Warsaw session of December 1961 was confronted with a text to study and consequently make a decision, which was to have dire consequences. This text which, was adopted in 1962, in a special session, is the most important reference document concerning the Comecon.

This "fundamental principles of the international division of labor" is trying to put across the idea that: only a specialization of production inside the member countries of the Comecon will stop the waste resulting from investments on similar projects⁽¹⁶⁾. Each and everyone is in agreement with the general principle. The trouble starts when the question arises where to specialize in what, that is to say who is to produce carrots and who is to produce electrical hardware.

The Soviet Union, aware of the problem which would arise, tried to foreclose the issue by adopting beforehand a reform of the Comecon which would orientate it towards a supranational goal⁽¹⁷⁾. Khrushchev was trying to create a new organ by the gathering of, not the representatives of the states, but the delegates of the different communist parties. In case this project succeeded, the Comecon instead of being faced with the "legitimate national interests" of the member countries, would instead form a common front of ideological unity. By this new front and under the facade of the common interest of the Socialist Bloc, the Soviet Union would have been able to oppose and dominate any effort of economic independence⁽¹⁸⁾.

The leaders in the Kremlin were not in fact very thrilled by the progress achieved since 1956 in the domain of coordinating the different national plans. In fact these projects were under study in common and their application depended on the good will of the member countries State

apparatus. The question was that in fact the Comecon had no means of executing its decisions. The supranational scheme would have allowed the comecon a supranational planification and means to enforce it.

The first and strongest opposition to the Russian venture arose in Rumania. The leader of the Rumanian Communist Party, Gherghiu Dej, is in fact imagining great thoughts and ambitions for his country as a future big economic power. This supranational venture, Dej realizes, would endanger his dreams for the economic future of Rumania. On the other side the Kremlin leaders regard with displeasure Rumania's plan of a huge iron - steel complex. In the new supranational scheme, Rumania and Bulgaria, have been given the task of producing small industry goods and agricultural products. The responsibility of iron steel production is given to others.

The Rumanian representative, Alexander Birladeanu, declares, on the 15th of February 1963, that his country refuses to change its economic plan and in case the socialist members of the Comecon are not ready to finance the Rumanian effort of investment of the iron and steel mills, his country would turn for assistance to other more willing countries.

This declaration is more of an ultimatum. In April 1964 the Central Committee of the Rumanian Communist Party proclaims: that Planification is a fundamental, essential and an unalienable attribute of a sovereign socialist state. The relations between the Comecon and Rumania are at their lowest although we are far from an official rupture of relations⁽²⁰⁾. The Rumanians are too realistic in order to be carried on by their feelings and try the impossible feat of leaving the Socialist Bloc. Since this date, in order to survive and prosper, the Rumanians will try and succeed in a clever game of see-saw between Moscow, Peking, East and West.

The change of objectives

This crisis does not mean the end of the Comecon and the Russians, for the time being, discard their supranational intentions and embark upon the realization of more limited ventures.

The first achievement is the founding of "Intermetal" in July 1964 in which Hungary, Czechoslovakia, joined the following year by the Soviet Union, Bulgaria and East Germany, are members. Rumania, who is setting up its own steel mills, with the help of the Western countries, in Galati, stays out of this new Organization. "Intermetal" it given the responsibility of dividing resources member countries, organizing exchanges of existing stocks and recommending specialization in the production of certain less wanted products.

In the same year an organization for the production of ball bearings is set up in Warsaw.

In 1967 "Interchim" for the production of chemical products and "Osmos" for construction materials are founded.

The founding of the international economic cooperation Bank in 1964 boosts up commercial exchanges inside the Comecon. This Bank was supposed to allow the exchanges within the Comecon to swith from a bilateral stage to a multilateral level. Since the date mentioned, all clearings are based upon transferable roubles (value in 19/1 equivalent to 0,987412 grammes of pure gold). This conventional currency is only transferable inside the socialist bloc and the surplus of tranferable roubles obtained in bi or multilateral exchanges is not transferable into heavy currencies like dollars. mrks and so on. This handicap hinders the natural development of the Bank and more and more voices are raised in opposition to this state of affairs⁽²¹⁾.

IV. A new effort in integration (1969-1971)

Despite its appearance of geographical and ideological unity, the Comecon is, since the middle sixties, torn between two centrifugal forces. On one side there are the relatively more industrialized countries like East-Germany and Czechoslovakia and on the other side, countries like Bulgaria, Rumania and even Poland, where agriculture is the main economic activity.

The Soviet Union, although occupying an important part in the foreign exchanges of the Comecon, is thanks to the immensity of its territory and the wealth of its natural resources, less dependant of foreign markets than, let say, a country like Hungary where importations form nearly half of the national revenue⁽²²⁾.

In order to prove this allegation it is enough to give the figures of the volume of foreign exchanges of 1965 per head in each country, based on roubles:

| | |
|----------------|--------------------|
| Czechoslovakia | 346 |
| East Germany | 312 |
| Hungary | 263 |
| Bulgaria | 258 |
| Poland | 131 |
| Rumania | 103 |
| Soviet Union | 63 ⁽²³⁾ |

In the beginning of the sixties the more advanced countries of the Comecon registered a spectacular fall in their growth percentage. The reason being the system of extensive exploitation, based on ultra detailed authoritative planification⁽²⁴⁾. In order to achieve indispensable reforms, modernize their equipment, transform the production structure and develop their

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leading sectors of economic production, the members countries realized that they could not solely depend on the U.S.S.R. which was, at this time, experiencing certain economic difficulties.

Upsurge of nationalistic tendencies

Once again the first country to show overtly nationalistic preoccupations was Rumania. This time they were not alone. From 1965 onwards C echoslovakia, and in a more subdued form, Hungary, began opposing Moscow's decisions regarding commercial negotiations. The first resistance to the Kremlin's wishes manifested itself on the higher tariffs which the Soviet Union had imposed on its transactions with the Comecon⁽²⁵⁾. The Soviet Union replies that in order to obtain strong currencies she is free to take what decisions she pleases, and counterattacks by accusing member countries of the Comecon in resorting to dumping procedures. The second accusations supported by economists, such as Ota Sik, was that the Soviet Union with the use of political or even military measures, was imposing on the Comecon countries extremely harsh economic conditions for the buying of her goods. The problem of prices has always represented a dilemma for socialist countries and many reforms have been undertaken to try and solve this problem⁽²⁶⁾.

For exchanges inside the Comecon the standard is "corrected and actualized" world prices. The conclusion of many works and studies undertaken in the West show that, at least during the first ten years, the Soviet Union has practiced deliberate discrimination in favouring its own economy.

Nowadays, although prices upon which internal exchanges in the Comecon take place are in general highly superior to world market prices, (according to the Hungarians 15% for finished products and 25% for

industrial raw material), the situation is slightly different. It appears that the price structure inside the Comecon favours distinctly raw material exporting countries. It must not be forgotten that one of the reasons is the steady decline of the prices of raw material on the world market. Consequently countries like the Soviet Union and Bulgaria make a better bargain with the Comecon prices than industrially developed countries like the East German Republic and Czechoslovakia⁽²⁴⁾.

OPENINGS TOWARDS THE WEST

As mentioned at the beginning of this study the creation of the Comecon coincided with the cold war. The Socialist bloc engaged upon a policy of closed economy whilst the West, under the impulse of the United States, undertook an economic blockade of Eastern Europe. The American Congress puts a ban on the export of strategic goods to the socialist bloc. The description of strategic products is so comprehensive as to include not only materials of military use but practically any product liable to strengthen the economic potential of Eastern Europe. Consequently, until the end of the fifties, commercial exchanges between the two blocs was practically nil.

The peaceful coexistence policy launched by Khrushchev and upheld by his successors, the vast markets represented by the Eastern European countries where many of the basic consume goods are lacking, all helped to change radically the western attitude and policies regarding East-West commercial exchanges⁽²⁸⁾.

Once again Rumania plays the role of pioneer and not only does she invite western visitors to finance some of the country's main projects, but progressively by stepping up commercial relations with the West reaches the stage where these exchanges represent 40% of her global foreign trade⁽²⁹⁾.

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Other socialist countries will take a much longer time to reach this state of affairs.

The economic need which has forced the Soviet Union to demand help from the West, not only in the field of agricultural products, but also in undertaking vast industrial projects, such as automobile production (agreements with Renault of France and Fiat of Italy) have caused a real psychological shock in her Eastern allies. The Soviet Union is no longer, for the other socialist countries, the indispensable ally and the supreme guide to a future of economic development and bliss.

The other aspect of this question is political⁽³⁰⁾. In fact by increasing their trade with the Western countries, the socialist countries decrease their economic dependence on the Soviet Union and consequently lessen the possibilities of economic pressures coming from Moscow. Therefore it is not surprising to notice a tremendous rise in East-West commercial exchanges in the last ten years. However, this trend is not allowed to reach its logical conclusion. Many hindrances such as the absence of a convertible currency, the lack of strong currency reserves, the rigidity of structures inside the Comecon and especially an exchanges structure unfavorable to the Eastern countries, are making economic exchanges more and more difficult. It must not be forgotten that the Comecon countries are exporters of raw material and importers of finished products and, like very many underdeveloped countries, suffer badly from the unfavorable terms of exchanges ruling the market in such a situation.

Another tax in integration

In the beginning of 1968 many pessimistic western experts were foreseeing the imminent end of the Comecon⁽³¹⁾. The events in Czechoslovakia, the Spring of Prague and the overt rebellion of Duback are all signs,

according to these experts, of the near collapse of the Comecon. The Warsaw Pact intervention of the 21st of August 1968 and the end of the experience of "Human Socialism" and the confirmation of the Moscow supremacy in the socialist world, in other words the Brežnev doctrine, gives a different view point.

The 21st of January 1969, it was in an unusual atmosphere that the Comecon had its 22nd session and on the same occasion celebrated the 20th year of existence. All the participants were expecting the U.R.R.S. to strengthen its position in the socialist world and take up firmly the reins of command inside the closed world of Eastern Europe. In fact for Moscow the Comecon can have no other objective than to contribute to an economic integration of the member countries. It is understood that this integration is only possible under the leadership of the Kremlin.

Despite the failure of previous experiences, the member countries, by making use of bilateral procedures, reached an agreement for a common plan of development for the period 1971-1975⁽³²⁾. The improvements in statistical and accounting methods, started since 1960, have given positive results. The different countries can now compare statistics, facts and data. However, this coordination concerns only long term planning, whilst in real fact are only operational annual plans, and only certain priority sections of development such as energy, iron and steel, transport and chemistry. Even in these fields the planning is done upon the soviet system of "material balance" and consequently suffers from the weakness of the lack of satisfactory criteriums of appreciating the efficiency of investments.

The Hungarians and the Czechs disposing of large reserves of transferable roubles are openly asking for a monetary reform which would allow them to convert their roubles. There are also talks on the creation of a

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common convertible currency. The Soviet Union has so far been able to oppose these pressures by claiming that the chaos presiding over the world monetary system would, in case Eastern Europe gains access to the system, penetrate the orderly and neat system of the socialist bloc. There is also the unconfessed fear that by establishing convertibility some of the member countries of the Comecon will walk out of the exchange zone established in the East of Europe. At the present time most of the discussions inside the Comecon are about the problems mentioned above.

In the Warsaw session of the Council in May 1970, the international investment Bank proposed in 1969 was created. Once again Rumania refuses to join and surprising enough there has been no soviet reaction as regards this refusal. However, it looks as if this decision will be one of the last shows of economic independence on the part of Rumania. This countries growing economic difficulties will force her to be more respectful of Moscow's wishes in the future. In fact by the end of 1970 Rumania will join the Bank.

This Bank will try to create cooperation between member countries. Up to this date the financing of these sorts of undertakings were done by each member country whilst now, collective effort will be the new trend. In the field of credit, for foreign trade and plan coordiantion, the comecon's preference lies with bilateral or exceptionnally triilateral formulaes. Although the Bank of economic cooperation has had the right, up to now, long term loans have not been given. It would be the responsibility of the international investment Bank to do so.

CONCLUSION

Twenty two years after its creation, the Comecon seems to have undergone its growing pains. This organization is aiming towards integration

by means which will precise themselves later on. The Soviet Union by reducing the Czech rebellion and the Rumanian upsurge of nationalistic sentiments has been able, at least for a few more years to come, to stave off the imminent dangers menacing the Comecon.

For the Russians, the Council must remain the insitutional structure of the socialist bloc's economic weapon. The importance given to integration is a way of mobilizing all the resources of the member countries in order to increase the economic strength of the whole socialist bloc.

The Comecon was the Soviet Union's reply to the Marshall Plan, but it must, in order to survive, be transformed into an organization capable of facing the challenge of the European Common Market. In order to achieve this goal, it must rapidly find satisfactorily solutions to the problems facing her amongst which the problem of prices and convertibility seem extremely pressing and urgent.

STRUCTURE OF THE COMECON¹

| | | |
|---|------------------------------------|---|
| International Coope- ration Bank | SESSIONS OF THE COUNCIL | International Invest ment Bank |
| Perment Sepecialized Committees | EXECUTIF COMMITTEE | Permanent General Committees |

SECRETARIAL (Moscow)

**Specialized Sections
(Moscow)**

**General Sections
(Moscow)**

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**PERMANENT SPECIALIZED
COMMITTEES**

Chemical Industries (Berlin)
Iron & Steel (Moscow)
Petrol & Gas Industries (Bucarest)
Coal (Warsaw)
Electrical Energy (Moscow)
Medical Industries (Prague)
Electronics (Budapest)
Light Industries (Prague)
Food Production (Sofia)
Agriculture (Sofia)
Construction (Berlin)
Peaceful Atomic Energy (Moscow)
Geology (Oulan-Bator)

**PERMANENT GENERAL
COMMITTEES**

General Problems of Macro-Economic
Planning (Moscow)
General Problems of Planning - General
Questions (Moscow)
Statistics (Moscow)
Foreign Trade (Moscow)
Technical & Scientific Research Coordination (Moscow)
Financial & Monetary Questions (Moscow)
Transports (Warsaw)
Standardization (Berlin)

INTERNATIONAL ECONOMIC COOPERATION BANK²

Activity started: 1st of January 1964 - Moscow, 15 Kuznetskij Most
Initial capital: 300 million transferable roubles.

The member countries' contributions (according to their volume of exportations inside the Comecon).

| million roubles | | | |
|------------------------|-----|----------|----|
| U.S.S.R. | 116 | Hungary | 21 |
| G.D.R. | 55 | Bulgaria | 17 |
| Czechoslovakia | 45 | Rumania | 16 |
| Poland | 27 | Mongolia | 3 |

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(2) De Muralt P. - Editor - Le Comecon - E.D.M.A. - Lausanne - 1971.

INTERNATIONAL INVESTMENT BANK

Activity started: 1st of January 1970 - Moscow.

Initial capital: 1 billion transferable roubles (30% of which in gold or convertible currency).

The member countries' contributions:

| million roubles | | | |
|------------------------|-------|----------|------|
| U.S.S.R. | 339,3 | Bulgaria | 83,1 |
| G.D.R. | 176,1 | Hungary | 83,7 |
| Czechoslovakia | 129,9 | Rumania | 82,5 |
| Poland | 121,4 | Mongolia | 4,5 |

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15. see 9.
16. see 11.
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23. see 11.
24. see 22.

25. see 9.

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