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# The Council for Mutual Economic Assistance and the failed Coordination of Planning in the Socialist Bloc in the 1960s

Planning has long been deeply associated with socialist economies, although capitalist countries have been influenced by this idea and have experimented, to different degrees, government interventionism in the economy over the short twentieth century.<sup>1</sup> Thus planning the economy is not a specifically socialist idea, and even though central planning was a shared characteristic of most Eastern European countries during the Cold War, the entanglement between planning and socialism can still be questioned. Already in the 1960s, Polish economist Włodzimierz Brus considered the association of economic planning and socialism “not as a definitive solution, but as a choice among possible alternatives.”<sup>2</sup>

Even though the Gosplan was established in the USSR soon after the October Revolution, the first five-year plan was only adopted in 1928. A model of socialist planning was indubitably shaped in the USSR, but never remained unchallenged<sup>3</sup> nor incapable of evolution.<sup>4</sup> The persistence of market-like institutions in the Stalin era, analyzed by Paul Gregory and Mark Harrison,<sup>5</sup> or the Yugoslav path to economic development after 1948, show how misleading and inaccurate a strong opposition between centrally planned economies and markets would be. Indeed, the functioning of the economic system started to be challenged again in the German Democratic Republic (GDR) in 1956 and in the USSR in

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1 Secrétariat général de l'ONU, *Planification en vue du développement économique* (New York: Nations Unies, 1963); Jan Tinbergen, *La planification* (Paris: Hachette, 1967), 220–235; Claude Gruson, *Origine et espoirs de la planification française* (Paris: Dunod, 1968).

2 Włodzimierz Brus, “Rapports entre politique et économie en régime socialiste,” *L'Homme et la société* 6 (1967): 70; see also Włodzimierz Brus, *Problèmes généraux du fonctionnement de l'économie socialiste* (Paris: Maspéro, 1968), 36–46.

3 Naum Jasny, *Soviet Economists of the twenties. Names to be remembered* (Cambridge: Cambridge University Press, 1972); Alessandro Stanziani, *L'économie en révolution. Le cas russe, 1870–1930* (Paris: Albin Michel, 1998).

4 Jacques Sapir, “L'économie soviétique: origine, développement, fonctionnement,” in *Retour sur l'URSS. Économie, société, histoire*, ed. Jacques Sapir (Paris: L'Harmattan, 1997), 99–144.

5 Paul Gregory and Mark Harrison, “Allocation under Dictatorship: Research in Stalin's Archives,” *Journal of Economic Literature* 43, no. 3 (2005): 721–761.

1957.<sup>6</sup> The centrally planned economy, which had been considered a monolithic model by the Western European countries and the USA, proved to be more flexible in the 1960s than had been assumed. Following the liberalization initiated by the USSR, most of the people's democracies in Eastern Europe engaged in economic reforms. Central planning was strengthened but limited to the establishment of major macro-economic indicators, whereas basic economic actors – such as the enterprises – were given more room for manoeuvre, in order to allow them to implement the plan at their level and to coordinate themselves with other economic actors involved in the production process.<sup>7</sup>

Defining a common model for the socialist economy in the 1960s proves to be more difficult, as market incentives were being reintroduced in the planned economy by these national economic reforms.<sup>8</sup> However, under the combined influence of destalinization and Western European integration, the USSR and the people's democracies engaged in redefining their international cooperation in a more multilateral way during this decade, in order to tackle the decline of development strategies based on extensive growth. Thus the 1960s at the Council for Mutual Economic Assistance (COMECON) start and end with two major debates over attempting to create a regional economic integration that could have shaped a transnational socialist economic model. This contribution analyzes how the socialist countries members of the COMECON, who officially shared a common economic model, dealt with the specific issue of the international coordination of their economic plans. In spite of the adoption of the “basic principles of the international socialist division of labor” in 1962, and the setting of the “integration” of the national economies as the Council's main goal in 1971,<sup>9</sup> various economic and political actors in the socialist world doubted that a common international plan and regional integration would be the most promising way to develop their national economies. Eventually, parallel evolutions towards planning the economy at national level led neither to a convergence of these econo-

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**6** Helmut Steiner, “Das Akademie-Institut für Wirtschaftswissenschaften im Widerstreit wissenschaftlicher, ideologischer und politischer Auseinandersetzungen,” *Sitzungsberichte der Leibniz-Sozietät* 36, no. 1 (2000): 89–109 ; Peter C. Caldwell, “Productivity, Value and Plan: Fritz Behrens and the Economics of Revisionism in the German Democratic Republic,” *History of Political Economy* 32, no. 1 (2000): 103–137.

**7** Michael Kaser, *The Economic History of Eastern Europe. 1919–1975*, volume III (Oxford: Clarendon Press, 1986).

**8** Bernard Chavance, “La théorie de l'économie socialiste dans les pays de l'Est entre 1917 et 1989,” in *Nouvelle histoire de la pensée économique*, vol. 2, ed. Alain Béraud and Gilbert Faccarello (Paris: La Découverte, 1993), 235–262.

**9** Jozef Van Brabant, *Economic Integration in Eastern Europe. A Handbook* (New York, London, Toronto: Harvester Wheatsheaf, 1989), 63–102.

mies, nor to the international coordination of their development within the framework of the COMECON. There the transnational approach and international comparison allow to challenge Paul Gregory's hypothesis about Stalin's economic policy, according to which political dictatorship was intrinsically rooted in the structure of planned economies since the system could only be functional with political coercion over the economy.<sup>10</sup> What might have been true for Soviet economics under Stalin may be interpreted differently while looking at the international coordination of planned economies.

Most of the historiography on the international organization focuses on its failure to develop a teleological argument. Since the international coordination of planning at the COMECON indeed failed, it would be the sign that socialist economies were unable to promote an attractive development model at international level.<sup>11</sup> Thus the organization would be deemed a mere empty shell established by the Soviet Union to ensure its power over the bloc. The following analysis argues that the COMECON was not a mere transmission belt for the USSR, aiming at transferring its economic model to the socialist countries in Eastern Europe.<sup>12</sup> Rather than concentrating on the meager results of the multilateral attempts at coordinating economic planning within the COMECON, in order to disclose structural weaknesses of the system and explain the allegedly impossible enforcement of economic common planning in the socialist world, I will consider the reasons why the COMECON failed, while looking at how the coordination process of the national plans of its member states took place. Following the international negotiation process in its different steps allows a reinterpretation of the so-called "failure" of the Council. Indeed, planning cannot be reduced to its economic dimension in the socialist world, nor exclusively be considered a technical process intended to rationally allocate scarce resources.<sup>13</sup> It is also a political statement of sovereignty. Beyond the apparent economic failure of the COMECON, a political process of constant negotiation ought to be highlighted, during

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**10** Paul Gregory, *The Political Economy of Stalinism* (New York: Cambridge University Press, 2004).

**11** André Steiner, "The Council of Mutual Economic Assistance – An Example of Failed Economic Integration?," *Geschichte und Gesellschaft* 39 (2013): 240–258.

**12** For the first analysis of a complex balance of power within COMECON, see Randall Stone, *Satellites and commissars: Strategy and Conflict in the Politics of Soviet-Bloc Trade* (Princeton: Princeton University Press, 1996); See also Martin Dangerfield, "Sozialistische Ökonomische Integration. Der Rat für gegenseitige Wirtschaftshilfe (RGW)," in *Ökonomie im Kalten Krieg, Studien zum Kalten Krieg, Band 4*, ed. Bernd Greiner, Christian Müller, and Claudia Weber (Hamburg: Hamburger Edition, 2010), 350.

**13** Andrew Sloin and Oscar Sanchez-Sibony, "Economy and Power in the Soviet Union, 1917–1939," *Kritika* 15, no. 1 (2014): 22.

which the governments of the people's democracies needed the failure of international cooperation in order to promote a paradoxical discourse on the necessity to reform and empower the Council. Thus failure was manipulated in order to shift the balance of power within the Eastern bloc and to favor the people's democracies.<sup>14</sup> The multilateral forum established by the COMECON was a showcase of socialist solidarity and efficiency during the Cold War competition, and constituted a configuration of international relations much more beneficial to the smaller states than the bilateral negotiations with the Soviet Union, allowing the former to safeguard some room for manoeuvre in shaping their economic development.

Eventually, the failed coordination of economic planning at the COMECON seems to have had an economic, as well as a political interest for several actors in the socialist world.<sup>15</sup> In order to analyze this strategic manipulation of failure, I will explain how the debate on supranational planning at the COMECON failed in the first half of the 1960s, before going on to analyze the parallel transnational economic networks that emerged out of this failure. Lastly, I will show how the "economicization" of international relations, as well as other concepts borrowed from the Western European regional integration process were introduced, before being circulated through the East, as a means to depoliticize a very political game played by the people's democracies in order to control their own economic development.

## The failed supranational turn of the COMECON

After the establishment of the communist regimes in Eastern Europe, all countries of the socialist bloc had turned to a planned model of economic development. In the second half of the 1940s and in the 1950s, planning was not specific to the socialist world, and neither did sharing the same model favor international co-operation among socialist countries. Each communist government understood planning as a tool for a global transformation of the new socialist society: it had to promote the industrialization of mostly agricultural countries, and to

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**14** For an analysis of power relations between the USSR and the people's democracies within COMECON, see also: Suvi Kansikas, "Room to manoeuvre? National interests and coalition-building in the CMEA, 1969–1974," in *Reassessing Cold War Europe*, ed. Sari Autio-Sarasma and Katalin Miklossy (London: Routledge, 2011), 193–209.

**15** Natacha Coquery and Matthieu de Oliveira, *L'échec a-t-il des vertus économiques* (Paris: Comité pour l'histoire économique et financière de la France, 2015).

create the proletarian basis needed by the regime to legitimate its policy.<sup>16</sup> Under these circumstances, co-operation in the field of economic planning could only be understood, at first, as an unacceptable loss of sovereignty by the COMECON member states. Even though the people's democracies stood, after 1945, under the strong influence of the Soviet economic model of the 1920s<sup>17</sup> and of its evolution into a planned economic system in the 1930s, plans remained elaborated in a national framework. The adoption of a socialist regime, economic planning, and forced industrialization were considered a magic tool that would equalize the development levels of the different COMECON member states. According to the less developed countries, such as Romania, a discourse on the economic irrationality of the parallel development of industrial capacities at national levels was unacceptable. Despite the diffusion of the Soviet planning model, any plan-coordination had to take into account the political rationale of national development strategies, until each member state had reached an equal level of development. In July 1966, Nicolae Ceaușescu still stated that “mission is given to the socialist world-system to develop interstate relations based on mutual respect, and on the preservation of the reciprocal interests. The socialist world-system develops as a system of *national economies*.”<sup>18</sup>

Besides, the organization was founded in January 1949 as a direct answer to the Marshall Plan. It represented a political answer to the OEEC and had not been initially conceived as an alternative and integrated economic area. The first topic on the agenda during the formative years of the COMECON was the coordination of its member states' foreign trade toward the West, in order to foster East-West economic relations.<sup>19</sup>

However, in spite of the original rejection of any plan coordination by the Polish representative at the bureau of the Council in 1950, Moscow managed to transform it into the main goal of the organization after 1954. This indicates how economic cooperation among socialist countries was progressively regarded as a possible stimulus for economic development. Its members never considered

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**16** Peter Rutland, *The Myth of the Plan* (London: Hutchinson, 1985).

**17** Lars Haga, “Imaginer la démocratie populaire: l’Institut de l’économie mondiale et la carte mentale soviétique de l’Europe de l’Est (1944–1948),” *Vingtième Siècle. Revue d’histoire* 109 (2011): 13–30.

**18** Bundesarchiv (German Federal Archive, hereafter BArch) BArch DC 20–19575, *Entwicklung der Arbeit im Rat für gegenseitige Wirtschaftshilfe. 1964–1969*, “Information über den Meinungsaustausch der Ersten Sekretäre der kommunistischen und Arbeiterparteien und der Vorsitzenden der Ministerräte zu Fragen der Arbeit des Rats für gegenseitige Wirtschaftshilfe,” 1966, f. 19.

**19** BArch DE 1–21734, *Protokolle und Berichte des Ständigen Vertreters der DDR im RGW über Beratungen des Büros des RGW vom 8.12.1950 bis zum 27.11.1955*.

the COMECON an exclusive and alternative economic area in Europe, and the Council started with the sole *ex-post* coordination of foreign trade plans. Yet its importance grew stronger for the socialist countries in the second half of the 1950s. Thanks to the implementation of a multilateral clearing agreement, the elaboration of model contracts for foreign trade, the institutionalization of multilateral co-operation with the creation of standing commissions responsible for different fields of the production or dealing with transversal issues – such as currencies, foreign trade, etc. – the COMECON achieved a real reorientation of trade flows in Europe until the mid-1960s. East-West trade still represented 49% of the foreign trade of the people's democracies in 1948, before East-East trade became dominant in the foreign trade balances of the COMECON member states. It accounted for two-third of their exports in 1953, 55% in 1956, before it stabilized at a little over 60%.<sup>20</sup> In parallel, the Council's institutions increased their role in the international co-ordination of economic planning. From 1955 onwards, the COMECON was indeed given the task of coordinating the five-year plans of its member countries.<sup>21</sup>

Economic historians have explained why this co-operation was doomed to fail from an economic point of view.<sup>22</sup> The differences in the levels of economic development of the member countries were too pronounced, and the most industrialized members, such as the GDR or Czechoslovakia, were reluctant to subsidize the industrial development of future competitors within the bloc, while accepting low quality products in return. The USSR was not willing to subsidize the development of its allies at its own costs, especially from the 1970s onwards.<sup>23</sup> Eventually, the coordination remained mostly limited to foreign trade plans and did not promote the elaboration of transnational production cycles. Due to the state monopoly on foreign trade and to the lack of real economic competition induced by the missing convertibility of prices and currencies, the COMECON was thus unable to shape a regional model and to integrate the national economies of its members the way the EEC did.

This analysis, which mainly focuses on the late 1960s and on the 1970s, overshadows the vivid debates about the goals and the methods of multilateral eco-

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**20** Włodzimierz Brus, *Histoire économique de l'Europe de l'Est (1945–1985)* (Paris: La Découverte, 1986), 154.

**21** Tibor Kiss and George Hajdu, "International Cooperation in Planning within COMECON," *Eastern European Economics* 14, no. 4 (1976): 12.

**22** Steiner, "The Council of Mutual Economic Assistance"; Ralf Ahrens, "Spezialisierungsinteresse und Integrationsaversion im Rat für Gegenseitige Wirtschaftshilfe: Der DDR-Werkzeugmaschinenbau in den 1970er Jahren," *Jahrbuch für Wirtschaftsgeschichte* 2 (2008): 73–92.

**23** Marie Lavigne, "The Soviet Union inside COMECON," *Soviet Studies* XXXV/2 (1983): 135–153.

conomic co-operation, which regularly animated the COMECON. Most of these debates mirrored the discussions on the evolution of the EEC in the West, and ended up with no practical and measurable outcome at the COMECON.<sup>24</sup> Leaving the field of the sole quantitative measurement of the success or the failure of multilateral economic co-operation, we can raise other issues. Which theoretical and political contents were at the core of these economic debates? Is it possible to identify failure as a logical outcome, intended by some actors pursuing a political goal, rather than an economic rationale through economic discourses? This contribution is not looking for the economic explanation of the failure of plan coordination, but for the strategic process of negotiation, which led to this failure, as well as its impact on shaping international relations within the socialist bloc.

In the early 1960s, the construction of the Berlin Wall and the missile crisis in Cuba led to a closing off of the socialist bloc. Confronted with this evolution of the international context, which affected their economic relationship with capitalist countries, the members of the COMECON were forced to close ranks and to commit to the organization in order to find new impulses, which would sustain their economic growth. This diplomatic framework, as well as the new spirit of multilateral co-operation with the allies following the destalinization in the USSR, were decisive in the adoption by the Council's members in 1961/1962 of the "basic principles of the international socialist division of labor", which had been discussed since 1957.<sup>25</sup> According to the "basic principles," the USSR and its partners would engage in the so-called "specialization" of their productions and progress toward an economically rational division of labor at bloc scale. Khrushchev used this important turn, and the deepening of multilateral co-operation it promoted, in order to formulate, in a speech delivered to the Central Committee of the Communist Party of the Soviet Union in November 1962, a concept for the evolution of the COMECON.

While discussing the Soviet economic reforms implemented since 1957, alongside their implications in terms of international co-operation, the Soviet leader mentioned his project to turn the COMECON into what he called a "unified

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<sup>24</sup> Suvi Kansikas, "Acknowledging Economic Realities: The CMEA Policy Change vis-a-vis the European Community, 1970–1973," *European Review of History* 21, no. 2 (2014): 311–328; Angela Romano, "Untying Cold War Knots: The EEC and Eastern Europe in the long 1970s," *Cold War History* 14, no. 2 (2014): 153–173.

<sup>25</sup> Van Brabant, *Economic Integration in Eastern Europe*, 66–71; The text of the "basic principles" is reproduced in Alexander Uschakow, *Integration im RGW. Dokumente* (Baden-Baden: Nomos, 1983), 1018–1036.



planning organ.”<sup>26</sup> Khrushchev saw his proposal as a twofold opportunity. The transformation of the COMECON into a “unified planning organ” would lead to the strengthening of the Council and its institutions. Thus, the international organization would be appropriately staffed and able to conduct its own economic expertise, without having to subcontract it to the Gosplan. This would dismiss direct criticism against any “imperial” influence of Soviet planning over the other member states. Instead, the Soviet Union would keep an indirect influence through the quantitative domination of Soviet experts in the international staff, as well as through its tradition to educate the elites of other member states, some of whom were delegated to work for the COMECON.

For a moment, between 1962 and 1964/1966, the coordination of economic planning within the socialist bloc was genuinely a priority on the COMECON’s agenda. However, even though the people’s democracies, except for Romania, officially endorsed the Soviet proposal, the debate immediately escalated at the cost of the USSR itself. For different reasons, but using the same methods, Bucharest and the other Eastern European countries manipulated the debate, and managed to shift the balance of power within the bloc in their favor, while playing on the failure of common economic planning. The Romanian delegation in the Council voluntarily rephrased Khrushchev’s proposal as an evolution toward “supranational planning.” Even though Khrushchev himself participated in the Executive Committee meeting of the COMECON in February 1963, in order to clarify what he meant by “unified planning organ,” the actors would discuss for the next two years the opportunity of empowering the COMECON to organize supranational planning.

The semantics used by the Romanians and other Eastern European countries transformed the issue of plan coordination from a technical one, related to economic rationality, into a political one. Since the COMECON was a showcase for socialist international solidarity in the Cold War competition, the USSR could not afford to impose its will to the organization, as long as its partners were putting the whole legitimacy of the socialist world at stake in the debate. As a means to pre-empt the transformation of the Council into a supranational plan commission, Romania adopted the opposite strategy to the one that France chose, confronted with the strengthening of the EEC Commission’s powers in the mid-1960s. While De Gaulle opened the “empty chair” crisis to resist the evolution of the

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**26** Stiftung Archiv der Parteien und Massenorganisationen der DDR (Foundation for the archives of the parties and mass organizations of the GDR, hereafter SAPMO-BArch) DY 30–3407, *Protokoll und Anlagen der XVII. Tagung des RGW*, “Bericht über die wichtigsten Fragen der XVII. Tagung, der 3. Sitzung des Exekutivkomitees und der 3. Sitzung des Büros des Exekutivkomitees,” 12.1.1963, f. 95–96.

EEC, Romania engaged in a very legal guerrilla warfare and participated in as much co-operation projects as it could, in order to bloc them. Bucharest's representatives referred to all COMECON legal documents: mostly the founding communiqué of 1949 and the charter adopted in 1959, to highlight the recognition of each member state's sovereignty, guaranteed by the USSR since 1949. Underlining the equality of all partners proclaimed by the charter, Romania made great use of the so-called "principle of interest" which governed the negotiations at the COMECON. According to this rule, no country could be obliged by its partners to participate in a common project. However, when it had proclaimed its interest in participating, any agreement had to be achieved unanimously. In declaring its interest in all projects dealing with common planning, Romania *de facto* gained the right to veto all decisions agreed upon by its partners.

Transforming the economic issue of international plan coordination at the COMECON into a political game played a great role in shaping room for manoeuvre for Romania in its "national communist" course in the 1960s.<sup>27</sup> Significantly, Ceaușescu used the same strategy to veto the evolution of the Warsaw Pact into a more integrated and formalized alliance in the second half of the decade.<sup>28</sup> Bucharest used the socialist international organizations during the Cold War to instrumentalize their constant failure to its own benefit, while officially advocating the respect of the COMECON and the Warsaw Pact's procedures<sup>29</sup>. The USSR, who needed to present socialist solidarity in public discourses on the international stage, could uneasily denounce the Romanian legalist strategy.

Confronted with a debate which revealed diverging opinions on supranational planning and the rationale – economic or political – to be put forward in the cooperation taking place at the COMECON, Moscow was risking disqualifying the legitimacy of the socialist alliance with the failure of the organization. Consequently, the USSR soon withdrew from the supranational planning debate, to the great dissatisfaction of its closest allies, such as the GDR and Poland. As early as 1963, East-Germans experts of the COMECON wrote a confidential report on the situation at the Council according to which,

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<sup>27</sup> John Michael Montias, "Background and origins of the Rumanian dispute with COMECON," *Soviet Studies* XVI, no. 2 (1964): 125–151; Irina Gridan, "Du communisme national au national-communisme. Réactions à la soviétisation dans la Roumanie des années 1960," *Vingtième Siècle. Revue d'histoire* 109 (2011): 113–127.

<sup>28</sup> Laurien Crump, *The Warsaw Pact Reconsidered. International Relations in Eastern Europe, 1955–1969* (London: Routledge, 2015), 170–213.

<sup>29</sup> Laurien Crump and Simon Godard, "Reassessing Communist International Organisations: A comparative Analysis of COMECON and the Warsaw Pact in relation to their Cold War Competitors," *Contemporary European History* 27, no. 1 (2018): 85–109.

no steps have been taken towards common planning, proposals for the establishment of interstate unions [of production] . . . have not been adopted . . . The Soviet party always tries to conciliate the other parties and not to contradict anyone . . . After the communist parties' meeting of July 1963, the Soviet representatives were very cautious . . . The greatest confrontations happen between the representatives of the people's democracies, without any active support from the Soviet comrades.<sup>30</sup>

The East-German deputy secretary of the COMECON even stated that, if the USSR had such a passive attitude in the debate, it was because the Soviets "probably had no concept for the improvement of the work at the Council."<sup>31</sup> Eventually, Moscow officially renounced its proposal in 1964, but in the meantime other countries, especially the GDR and Poland, had engaged in the conflict with Romania. Berlin and Warsaw used the same strategy as Bucharest and inclined to use legal arguments in their statements. They insisted on defining more clearly the "principle of interest." In 1966, Gomulka referred to article four of the statute of the COMECON in front of its counterparts from the USSR and the people's democracies, in order to deny any country a veto right.<sup>32</sup> He directly tackled Romania and even officiously threatened the USSR with a withdrawal of Poland from the COMECON, if the organization "did not satisfy the legitimate interest of the majority of its countries."<sup>33</sup>

For different reasons, but with the same methods, all people's democracies played the failure of common planning at the COMECON against the superpower of the Soviet Union within the bloc in the first half of the 1960s. They manipulated the debate on the international coordination of economic planning, not while aiming at its failure in the short term, but in the *longue durée*. An immediate break with the COMECON could have caused the exclusion of a country from the bloc, which was an outcome that neither the people's democracies, nor the USSR could afford shortly after the Sino-Soviet split in 1961. On the contrary, the long debate on supranational planning and its organized failure had an economic and political interest. It helped the smaller allies develop a legal strategy that would challenge the solidarity of the socialist bloc, while officially seeking its strengthening. Thus fighting for the failure of supranational planning was

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30 BArch DC 20–19577, *Wirtschaftliche und technische Zusammenarbeit im Rat für gegenseitige Wirtschaftshilfe. 1964–1969*, "Einige Probleme der Zusammenarbeit der Länder im Rahmen des RGW in den letzten zwei Jahren," f. 9–12, f. 16.

31 SAPMO-BArch DY 3023–801, *Zusammenarbeit mit dem Rat für gegenseitige Wirtschaftshilfe. 1962–1963*, "Zu einigen Hauptfragen der Arbeit des Rats für gegenseitige Wirtschaftshilfe," 8.01.1965, f. 221.

32 BArch DC 20–19575, *Entwicklung der Arbeit im RGW, 1964–1969*, f. 25–28.

33 SAPMO-BArch DY 3023–795, *Tagungen von Fachorganen des RGW, 1966–1967*, f. 100–106.

not proving incompatible with a discourse advocating more planning, but refusing the dominant influence of the Soviet model, while remaining within the COMECON framework. The USSR had to make compromises in order to maintain its role as a global Cold War player, which was partly legitimized by the cohesive image of the socialist bloc that the COMECON was embodying.<sup>34</sup>

## Scales and spaces of transnational economic planning in the socialist world in the 1960s

In order to legitimate their criticism about supranational planning, without being accused of causing the failure of the socialist model of development, the governments of the COMECON member states agreed upon strengthening the organization's institutional structure and its staff of international civil servants. Between 1962 and 1968, the secretariat's staff increased from less than 100 to a little more than 600 international civil servants. The great majority of these specialists were recruited for their technical expertise in planning, in different industrial fields, in finance, and their knowledge of Russian, the working language of the Council. They were no trained diplomats and formed, in the technical divisions of the secretariat, a series of epistemic communities.<sup>35</sup>

Until the international secretariat was appropriately staffed, Soviet institutions clearly influenced the practice of plan coordination within the organization. In 1957, the ambassador of the Polish government at the Council, Piotr Jarozewicz, still expressed a critical opinion about the working arrangements of the COMECON. According to him, "in view of formal considerations, the completion of the work on the coordination of the national economic plans by the Gosplan of the USSR, and not by the apparatus of the COMECON, was not entirely appropriate."<sup>36</sup>

What has been the real impact of this major criticism, not only on the planning practice but also on the planning culture of the Council, as well as on the

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<sup>34</sup> A similar process characterizes the contemporary evolution of the Warsaw Pact, see Crump, *The Warsaw Pact Reconsidered*.

<sup>35</sup> Simon Godard, "Le Conseil d'aide économique mutuelle et la construction d'une diplomatie économique parallèle dans l'Europe socialiste (1962–1989)," in *Réinventer la diplomatie. Sociabilités, réseaux et pratiques diplomatiques en Europe depuis 1919*, ed. Vincent Genin, Matthieu Osmont, and Thomas Raineau (Brussels: Peter Lang, 2016), 171–187.

<sup>36</sup> BArch DE 1–21257, *Arbeitsweise der Ratsorgane und wissenschaftlich-technische Zusammenarbeit 1956–1959*, "Brief von P. Jarozewicz an A. A. Pawlow, Sekretär des RGW," 12.04.1957, f. 5.

ultimate meaning of the success or the failure of its coordination of national plans? The fact that the secretariat of the Council internalized sufficient economic expertise in the first half of the 1960s helped the international organization move away from its practical dependency on the technical support of Soviet institutions. However, a question still remained partially unanswered: What about the influence of national planning cultures in the work of the COMECON? Could the project of plan coordination only be successful under the condition that a new transnational planning culture would be established in the Council? To what extent did the international organization actually favor the re-branding of the Soviet planning model as a common model for the whole socialist camp and in whose interest?

From the 1960s onwards, most experts delegated by the people's democracies to work for the COMECON in Moscow belonged to a small elite of former foreign exchange students, who had studied in the Soviet Union.<sup>37</sup> This international socialization acquired prior to the delegation at the COMECON explains why the majority of the experts, coming from different national spaces with their own specificity in defining planning and in planning economic development, had no difficulties working together in the framework of the international organization. Whether in the permanent representations of the member states at the COMECON or in the technical divisions of the secretariat, "one knew each other," as a former East-German specialist said. Peter H., one of the most important brokers between the GDR and the COMECON, who was in charge of the cooperation of his country with the international organization between 1962 and 1990, even talks about the milieu of international civil servants as a "mafia." This socialization, as well as the common working and living experience in Moscow, proved crucial in shaping a transnational culture among the COMECON experts. In the 1960s, these claimed public recognition by their governments of some room for manoeuvre for the international secretariat and the permanent representations, which would allow them to develop transnational projects involving plan coordination. In 1963, the leaders of the basis organization of the East-German experts at the COMECON wrote in their report on past activities that "the permanent representation of the GDR at the COMECON cannot be considered as a mere 'post office' . . . but should be [considered as] an international office of

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37 Simon Godard, "Une seule façon d'être communiste? L'internationalisme dans les parcours biographiques au Conseil d'aide économique mutuelle," *Critique internationale* 66, no. 1 (2015): 69–83.

the GDR, active in the field of economic policy, which has to complete important political and economic tasks.”<sup>38</sup>

This statement, which can be considered a direct criticism of the way COMECON experts were treated by their national authorities, advocated more autonomy for the international civil servants and the recognition of the importance of their job. Two years later, the Polish ambassador at the COMECON, Piotr Jaroszewicz, emphasized this analysis in stating in front of its counterparts: “We do not delegate our comrades to the secretariat so that they defend the interests of our country, but in order for them to analyze objectively the issues raised by our co-operation.”<sup>39</sup>

Most of the international civil servants working for the COMECON’s institutions in Moscow were really eager to coordinate economic planning in their field of expertise and to elaborate multilateral co-operation projects. They enjoyed a form of “autonomy by abandonment.” Regular and up to date inputs from the member states’ planning organs and governments were rare. COMECON agents repeatedly mentioned their disappointment with the fact that they often had to act without knowing what the position of their country would be on a co-operation project. According to the same Jaroszewicz, “most of the time, the collaborators of the secretariat are not aware of the actual opinions of the member countries, particularly how far they can go to bear compromises. Eventually, they more or less defend their personal opinion, hoping that it will match the official opinion of the country concerned.”<sup>40</sup>

However, this situation of abandonment, in which the governments anticipated at best no positive outcome of planning coordination at the COMECON, and consequently cared very little about it, gave the opportunity to the Council’s experts to engage in the relatively autonomous elaboration of such projects for common planning.

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**38** SAPMO-BArch DY 30 – IV A 2–20–193, *SED-Grundorganisation Rat für gegenseitige Wirtschaftshilfe*, “Rechenschaftsbericht der Parteileitung der APO der SED im RGW in Moskau,” 18.4.1964, f. 7.

The “basis organization” is a party organ that united all party members in the workplace to organize and control their political and social life. In 1961, the group of East German experts at the COMECON (working for the permanent representation as well as in the international secretariat) split from the “basis organization” of the GDR embassy in the USSR to found an autonomous basis organization, acknowledging and defending the specificity of their work in Moscow.

**39** BArch DE 1–51766, *Schriftwechsel betreffend Rat für gegenseitige Wirtschaftshilfe*, “Bericht über die Tätigkeit des Sekretariats des RGW in Moskau,” 25.5.1965.

**40** *Ibid.*

Although they were able to reflect on the economic rationale of plan coordination at bloc scale, COMECON experts were never able to transfer their transnational acculturation to the planning organs at national levels. There, international plan coordination was always being considered an extra amount of work.<sup>41</sup> International planning agreements, which, until 1966, were only coordinated *ex-post* by the COMECON after the completion and the adoption of the different national plans<sup>42</sup> – not to speak of supranational planning – were perceived by the national planning organs as having a disturbing and restrictive influence on the smooth execution of the plan at national level. This attitude did not favor the development, over the years, of a common planning culture among the socialist countries members of the Council. The brigade commissioned by the Central Committee of the Unified Socialist Party of the GDR (SED) to evaluate the activity of the basis organization at the COMECON noted in its report in 1964 that “the reports, analyses, etc. sent to Berlin [by COMECON experts] to the plan commission, the council of the national economy or the ministry for foreign and intra-German trade find virtually no resonance.”<sup>43</sup>

All in all, debates about the necessity and opportunity of a multilateral coordination of economic planning were not completely evacuated at the COMECON. Even though this coordination failed because of a political strategy pursued by several people’s democracies’ governments and aimed at manipulating the international organization, in order to shape room for manoeuvre allowing them to control their own economic development, plan coordination was discussed at the Council. Only the micro-level analysis of the debates held by its servants allows us to describe a transnational public space, where the convergence of national plans was conceived.

In the strategic field of nuclear energy for example, mutualized investments and a coordination of the production plans of several national industries would have been economically rational at COMECON level. However, common planning in the nuclear industry always remained limited, despite the establishment in 1960 of a standing commission on the peaceful use of the atomic energy and

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**41** An actor-based description – from the factories’ chief planners to the Kremlin’s administration – of the planning process in the USSR, unwrapping the intertwining of its political and economic rationale and the difficulty of articulating national planning and international plan coordination is provided in the fascinating historical novel by Francis Spufford: Francis Spufford, *Red Plenty* (London: Faber and Faber, 2010).

**42** Françoise Lemoine, *Le COMECON* (Paris: PUF, 1982), 103.

**43** SAPMO-BArch DY 3023 – 81, *Untersuchungen des ZK der SED in den SED-GO in der UdSSR und im RGW in Moskau*, “Bericht über den Einsatz einer Brigade des ZK in der PO der SED im RGW und in den Vertretungen der DDR in Moskau in der Zeit vom 10.-20.12.1963,” f. 35.

the relative success of common investment projects organized by the COMECON in the late 1970s in two nuclear plants in Ukraine, intended to share their production between the participating countries.<sup>44</sup> The participation in these technical projects often required massive investments in developing an industrial sector in the people's democracies and was obtained under Soviet pressure, since it disturbed the global architecture of national development plans. Nevertheless, Heidelore K., who worked as an expert for nuclear energy in the secretariat of the Council in the 1980s, explained how her general direction developed on its own initiative a project for the common planning of the decommissioning of nuclear plants. Since national governments were only interested in building an industry on their own territory, COMECON experts identified the field of decommissioning these production units as an opportunity for the international organization to conceive a common plan at the level of the socialist bloc, without being challenged by the governments of its member countries.

In the end, COMECON experts lacked the necessary networks of influence in their own countries, which would have allowed them to enforce the idea of planning coordination at bloc scale and to promote the role of the international organization in this process. However, if the Council failed to establish itself as the legitimate actor who would define a common and European model of socialist economic development, it did not completely fail to create a transnational economic space.

Focusing on the fiasco of the supranational planning debate or the resistance of the national planning organs to engage in the "integration" of their economies under the auspices of the COMECON, recent historiography<sup>45</sup> on the organization overshadowed the necessary analysis of the moving and blurry borders of the COMECON system. In 1963, confronted with the Romanian obstruction to any supranational coordination of plans at the COMECON, the ambassadors to the Council proposed to the first secretaries and heads of government of the member countries the creation of "industrial production unions" or "joint companies."<sup>46</sup> Even though the principle of joint companies was soon rejected, the idea of transnational production networks at the level of the socialist enterprises, associated to the COMECON but not integrated into the organization as

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<sup>44</sup> Sonja D. Schmid, "Nuclear Colonization?: Soviet Technopolitics in the Second World," in *Entangled Geographies. Empire and Technopolitics in the Global Cold War*, ed. Gabrielle Hecht (Cambridge: MIT Press, 2011), 125–154.

<sup>45</sup> Steiner, "The Council of Mutual Economic Assistance"; Ahrens, "Spezialisierungsinteresse und Integrationsaversion."

<sup>46</sup> BArch DC 20–19575, *Entwicklung der Arbeit im Rat für gegenseitige Wirtschaftshilfe. 1964–1968*, "Kurze Information über die Tagung des Exekutivkomitees," f. 10–13.



working bodies, lived on. This decentralized form of international co-operation, based on an economic rationale and on the coordination of the production between enterprises working in the same industrial field, matched the spirit of the national economic reforms of the 1960s in the socialist countries.

In 1964, Hungary, Czechoslovakia, Poland, the GDR, and Bulgaria, soon joined by the USSR, created the first Economic International Organization (EIO), whose aim was to coordinate the production of rolling bearings. A few months later, the same members extended their co-operation and created Intermetall.<sup>47</sup> This time, the EIO did not deal with a single product but with issues related to the whole sector of the steel industry. In 1967, all COMECON countries, except Romania, started to discuss the creation of an EIO in the field of chemical industry, Interchim, which was finally founded in 1970. In the second half of the 1970s, the EIOs had become influent purchasing organizations, steering the foreign trade of their partners and entrusted with the duty to improve the supply of their industrial sector, which would promote the equitable sharing of modernization efforts, in order to increase the production and to reduce the dependency on Western markets, while also promoting exchanges with Western Europe.<sup>48</sup> Even though they dealt essentially with the coordination of foreign trade, as well as research and development, but not directly with the production plans, the EIOs became successful competitors of the COMECON standing commissions. They mirrored the international organization's structure and sometimes even hired members of its staff. Yet they were positively considered by the national governments, whereas multilateral coordination of planning within the COMECON made little progress. Confronted with the possible overlapping of the Council's and the EIOs' activities, the Soviet deputy ambassador at the COMECON acknowledged a great autonomy for the latter: "The Council's organs should use the results achieved by the EIOs for their own work. As far as the EIOs are concerned, it is sufficient for them to make use of the Council in working under its general principles."<sup>49</sup>

Eventually, during the debate on the creation of Interchim in the late 1960s, the leader of the East-German delegation clearly explained the difference between plan coordination at the COMECON and in the EIOs:

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<sup>47</sup> On the impact of the EIOs in networking the socialist bloc, see Dagmara Jajesniak-Quast, "Hidden Integration'. RGW-Wirtschaftsexperten in europäischen Netzwerken," *Jahrbuch für Wirtschaftsgeschichte* 1 (2014): 179–195 (specifically 186–190).

<sup>48</sup> BArch DG 11–1261, *Gründungsmaterialien Interchim*, "Analyse der Tätigkeit des Intermetalls und Entwurf über die Verstärkung der Arbeit der DDR innerhalb der Organisation," 10 Oct.1966.

<sup>49</sup> BArch DG 11–217, *Interchim*, Teil 1, "Niederschrift über den Meinungsaustausch zur Tätigkeit und zur weiteren Richtung der Arbeit der internationalen Industriezweigsorganisationen."

With the concept *economic organization*, as opposed to the usual designation as ‘international organization’, we want to express what is new in the forms and methods [of international co-operation]. The *innovation* must consist, amongst others, in that we succeed in solving all questions and problems first of all with economic methods . . . which does not mean that we should waive the principle of socialist internationalism or the comradely mutual assistance.<sup>50</sup>

Thus, putting forward an economic rationale in advocating the coordination of economic planning in the socialist bloc was not impossible in the 1960s. Even though they rapidly evolved to embrace entire industrial sectors, EIOs were originally created to deal with a specific product and kept this focus on micro-level coordination. This resonated with the spirit of the economic reforms implemented at the national levels by the Soviet Union, the GDR, Czechoslovakia, and later Poland and Hungary. However, the COMECON was too exposed to constitute the adequate forum where this form of coordination could be implemented. The people’s democracies saw the economic interest of such an international co-operation in planning, but they engaged in a political manipulation of the COMECON at the intergovernmental level, using its showcase position in the Cold War. The EIOs were not as exposed as the Council and delegated the international coordination of plans to representatives of socialist enterprises themselves, who enjoyed more flexibility than the governments to develop an economic analysis.

A transnational space for a partial coordination of economic planning, still limited to foreign trade, was eventually shaped in parallel to the COMECON and as a necessary diversion, considering the failure of the Council to play this role. If the COMECON failed, it is also because its members found ways to reach the positive economic outcomes of plan coordination without having to realize it within the Council’s institutional system.

## **Circulation of regional integration models: the paradoxical ‘economicization’ of international relations in the socialist world**

During the 1960s, the terms of the debate on the international coordination of planning in Eastern Europe borrowed a lot from the semantics used to character-

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<sup>50</sup> BArch DG 11–1261, *Gründungsmaterialien Interchim*, “Thesen und Argumente zum Statut von ‘Interchim.’” Emphasis given by the original report.

ize the evolution of the European Communities in the West.<sup>51</sup> Two main goals were successively attributed to the COMECON. The international organization had to promote the “specialization” of its member states’ national economies in the first part of the decade, then to achieve their “integration” in the 1970s. In both cases, progress toward the establishment of a socialist economic model and the creation of growth incentives within the COMECON area were to be achieved through international planning coordination. However, a crucial institution of Western economic theory, which is the free market, was never openly mentioned within the framework of the COMECON.<sup>52</sup>

If destalinization and the Soviet willingness to establish a more multilateral system within the bloc played a role in shaping a favorable environment for this transformation of the COMECON, the strategic evolutions of the Council nevertheless have to be considered in the light of the EEC’s contemporary evolutions. Indeed, the latter circulated through the iron curtain and were put forward and manipulated by the governments of second rank economic powers in the East, in order to preserve their sovereignty over the elaboration of national economic policies. The discussions on the International Socialist Division of Labor (ISDL) started in 1957, when the Common Market was created in Brussels, and led to the adoption of the “basic principles” of the ISDL in 1962, when the EEC started to implement its first common policy, the Common Agricultural Policy. With the ISDL, the socialist countries members of the COMECON expected a positive economic effect of international co-operation based on economies of scale and increased productivity of national industries. Each country would have specialized in the production of several specific products, which it could have traded with its partners. Economists expected an improvement in the quality of industrial products and decreasing production costs. This analysis shared with the model of regional economic integration elaborated by the EEC the idea that the promotion of cross-border circulation of industrial goods would have a positive impact on the modernization of the national economies, which were members of this trade area. However, unlike the market-based *ex-post* adjustment of the interna-

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51 This circulation of knowledge about economics owes a lot to the good relations established by the COMECON’s secretariat with its counterpart at the United Nations Economic Commission for Europe, whose role as a bridge between East and West is well analyzed by Daniel Stinsky’s contribution in this volume. See also Daniel Stinsky, “A Bridge Between East and West? Gunnar Myrdal and the UN Economic Commission for Europe, 1947–1957.”

52 The reflection on markets is not absent from Eastern European debates at the national levels and in other frameworks than the COMECON, see Johanna Bockman, *Markets in the Name of Socialism: The Left-wing Origins of Neoliberalism* (Stanford: Stanford University Press, 2011).

tional division of labor that existed in the EEC, the members of the COMECON believed to be able to achieve the ISDL with *ex-ante* plan coordination.

Despite economic measures promoting the international circulation of goods between the COMECON countries, such as the adoption of a common unit of account (the transferable ruble) in 1963 or massive efforts to elaborate common industrial standards during the 1960s, intra-COMECON trade lacked a common price-basis and convertible currencies, which would have allowed it expand in proportions similar to the increase of the intra-EEC trade. Implementing the ISDL without market mechanisms, in a time when socialist enterprises were given more room for manoeuvre in organizing their own process of production, but never fully controlled foreign trade, was unrealistic.<sup>53</sup> This discrepancy between the new practice of planning the economy at national and at international level also explains the economic failure of the Council. Nevertheless, the COMECON took over the spirit of the economic reforms implemented in its member countries, which was to “catch up and overtake” capitalist countries in developing a socialist model of development mirroring the Western model, but suited to the specific framework of planned economies.<sup>54</sup>

In its attempt at copying Western European economic integration, the COMECON relied on several legitimate or illegitimate models. Created as an answer to the Marshall Plan in 1949, the COMECON was supposed to challenge the OEEC/OECD, more than the European Coal and Steel Community or the EEC, to which establishment it did not react at first. However, COMECON documents almost never mention the OEEC/OECD and focus until the late 1960s on strengthening the organization’s contacts with the United Nations Economic Commission for Europe in Geneva (ECE), in order to achieve international recognition with the help of the UN regional commission. This strategy pursued a diplomatic goal defined by the Soviet superpower and did not take into account the economic interests of the people’s democracies, which developed a growing interest for trade with EEC members in the 1960s, rather than for the deepening of a technical cooperation with the ECE. Thus the unofficial declaration by the EEC and the COMECON of their interest in opening reciprocal recognition negotiations in 1971, followed by the official recognition of the EEC by the socialist countries in

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53 R. Selucky, “The impact of the economic reforms on the foreign economic relations of the socialist countries,” *Soviet and Eastern European Foreign Trade* 4, no. 3 (1968): 72–86.

54 For the reverse case study of the influence of socialist economic knowledge on Western European countries, see the contribution by Isabelle Gouarné in this volume: Isabelle Gouarné, “Mandatory planning versus Indicative planning. Eastern Itinerary of French planners (1960s-1970s)”.

1972,<sup>55</sup> led to two different sets of East-West dialogue. While the EEC Commission started bilateral commercial negotiations with each COMECON member state in 1974, enforcing its own official recognition and fostering bilateral trade, the COMECON secretariat opened a first round of negotiations with the EEC Commission in 1975, which was interrupted by Brussels in 1980. The COMECON was then forced to unilaterally recognize the EEC, which already dealt directly with its member states' governments. It managed later to reopen negotiations with Brussels, leading to mutual recognition of both international organizations in June 1988, when the COMECON was already crumbling down.<sup>56</sup>

Eventually, the long diplomatic and largely unsuccessful process of mutual recognition cannot hide a real circulation of goods between the East and the West, but also of concepts about regional economic integration. Particularly after 1968, at a time when Soviet opening towards the EEC had made public debate possible, the EEC model worked as the main reference in the discourse on the necessary evolution of the COMECON.<sup>57</sup> Polish and Hungarian representatives in particular analyzed the evolution of market coordination within the EEC and used the perspective of the completion of the custom union by 1968 to urge their partners at the COMECON to progress toward a stronger coordination of their economies. As the Hungarian ambassador at the COMECON, Rezső Nyers, said in 1968, "the integration that is happening in other parts of the world – especially in Western Europe – is so powerful, that the smaller socialist countries can demonstrate an equivalent economic potential only if they co-operate closer among each other and with the Soviet Union than has previously been the case."<sup>58</sup>

Thus the COMECON, like other international organizations, appeared more and more as "a resource-place for political leaders, who were aware of the economic vulnerability of their country."<sup>59</sup> The strategy of the Polish and Hungarian

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55 Vladislav Zubok, "The Soviet Union and European Integration from Stalin to Gorbachev," *Journal of European Integration History* 2, no. 1 (1996): 85–98; Marie-Pierre Rey, "L'Europe occidentale dans la politique extérieure soviétique de Brejnev à Gorbatchev, évolution ou révolution?," *Relations internationales* 147, no. 3 (2011): 73–84.

56 SAPMO-BArch DY30–7090, *Tagung des politisch-beratenden Ausschusses des Warschauer Vertrages*, 1988.

57 Suvi Kansikas, *Socialist countries face the European Community. Soviet-bloc Controversies over East-West Trade* (Fankfurt am Main: Peter Lang, 2014).

58 SAPMO-BArch DY 3023–804, *Zusammenarbeit mit dem Rat für Gegenseitige Wirtschaftshilfe. 1968–1969*, "Brief von Rezső Nyers an Boleslaw Jaszczuk," 4.6.1968, f. 249–250.

59 Sandrine Kott, "Par-delà la guerre froide. Les organisations internationales et les circulations Est-Ouest (1947–1973)," *Vingtième Siècle. Revue d'histoire* 109 (2011): 149.

governments was twofold.<sup>60</sup> Since they were increasing their economic relations with the West at that time, they needed a stronger integration of the socialist economic area in order to export their products in the East. This would have helped them finance the acquisition of Western technologies to modernize their national economies. Hungary for example took advantage of a COMECON-agreement achieved in 1963, making the Hungarian factory Ikarus responsible for the production of large buses for the whole bloc, to develop its mechanical constructions' sector and became one of the world's greatest bus producer.<sup>61</sup> Besides, in pushing the international organization to endorse their reformist interpretation of the socialist economic model (including the development of new foreign trade relations, more autonomy given to the enterprises and the development of market incentives within the socialist economies), they were seeking protection against peer pressure aimed at forcing them to revoke their national economic reforms, which had been implemented after 1968. In the context following the Prague Spring, the USSR and its most conservative partners were indeed willing to block any evolution toward market socialism. While playing the EEC-threat at the COMECON and the urgent necessity to mirror Western European integration in the East, Warsaw and Budapest could paradoxically legitimize their national economic course in presenting it as a declination of multilaterally agreed COMECON goals.

Indeed, in 1971, the USSR and its partners engaged the COMECON in the so-called "global program", including the task to achieve the "integration" of its member states' national economies. The term "integration," directly borrowed from the Western European regional model, was deeply controversial and the agreement purely formal. The members of the COMECON never did manage to positively define what socialist economic integration should be. Alexei Kosygin gave a very vague definition of the term in his defense of this new goal of planning coordination at the 23rd Session of the COMECON in 1971: "The socialist integration will not be accompanied by the creation of supranational organs . . . We do not interfere [in national planning], no supranational organs . . . Thus it is

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**60** P. G. Hare and P. T. Wanless, "Polish and Hungarian Economic Reforms – A Comparison," *Soviet Studies* 33, no. 4 (1981): 491–517.

**61** The political rationale behind this strategy and its economic failure for the global modernization of the Hungarian economy is analyzed in Zsombor Bodó, "Enthralled by Size: Business History or the History of Technocracy in the Study of a Hungarian Socialist Factory," *The Hungarian Historical Review* 4, no. 4 (2015): 964–989.

different from the integration that is carried out nowadays in the capitalist countries”.<sup>62</sup>

In associating the memory of the supranational debate with the idea of economic integration, in order to distinguish these two more clearly, the Soviet government tried to overcome the failure of the coordination of economic planning at the COMECON, which had characterized the 1960s. However, the concept of “integration” remained alien to the socialist world. According to Mikhaïl Lipkin: “The term ‘integration’ itself, which was before something like a swear word, in the official Soviet lexicon at least, associated with NATO, arms race and monopolistic markets, now became a major tool in the ideological struggle between the two systems in the environment of *détente*.”<sup>63</sup>

Diverging interests converged to impose an ‘economicisation’ of international relations within the COMECON in the 1960s. The Council, which was created as a political answer to Western European integration, finally tried to adopt Jean Monnet’s logic putting forward economic rationality as a means towards enforcing political integration. However, in a bloc where the partners were not politically equal, dysfunctional economic co-operation and the failure of planning coordination were crucial to the people’s democracies, as they were striving to shape some room for manoeuvre vis-à-vis Moscow in their national development strategies. The imitation of the Western European model of economic integration, which was strongly promoted by the Hungarian and the Polish governments – seeking the modernization of their national economies through regional integration and the establishment of a socialist market, eventually aggravated the tensions between socialist economies at the COMECON in the long run and at the same time promoted their international autonomy in the short term.

## Conclusion

It seems evident that the COMECON was structurally unable to organize an economically rational planning coordination among the socialist countries, in order to elaborate a common planned model of development at bloc scale. Not only because of internal problems specific to the socialist economic system did it

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<sup>62</sup> SAPMO-BArch DY 30–3415, *Protokoll der XXIII. Sonder-Tagung des Rates für Gegenseitige Wirtschaftshilfe*, “Protokollarische Niederschrift der Leiter der Delegationen der 23. RGW-Tagung am 26. April in Moskau,” f. 55.

<sup>63</sup> Mikhaïl Lipkin, “The Soviet Union, CMEA and the Question of First EEC Enlargement” (paper presented at the XIV International Economic History Congress, Helsinki, 2006).

fail, but also because the organization was pushed by its members to mirror more and more the evolutions of the EEC's regional economic integration in the 1960s.

However, the Council was not doomed to fail because socialist economic planning was irrational in itself,<sup>64</sup> or unable to be coordinated at bloc scale. It failed because the COMECON was created as – and always remained – a political organization, while officially pursuing economic goals. Oscar Sanchez-Sibony has shown how Soviet economics has to be analyzed in a global framework, taking into account the influence of parallel evolutions in the capitalist system.<sup>65</sup> We have stressed out in a similar way how the Cold War held sway over the shaping of the socialist world-economy after 1949. Considering COMECON's unique showcase position in the Cold War, it becomes evident that the USSR, playing its superpower role, could not afford to let the organization fail. According to the official equality of all member states, Moscow had to bear compromises with its partners within the framework of the COMECON, were it to maintain the image of socialist solidarity on the international stage.

Eventually, the failure of planning coordination at the COMECON was neither accidental nor structural, but intended and instrumentalized by the people's democracies, in order to create a “dynamics of dissent”<sup>66</sup> that shaped, within the bloc, political room for manoeuvre for the smaller states against the Soviet superpower. Romania, the GDR, Poland, Hungary or Czechoslovakia had an economic and political interest in nurturing the failure of planning coordination in the Council, in order to bargain long-term empty agreements against short-term real bilateral compromises from the Soviet Union. Looking at the learning process at stake in international economic cooperation among socialist countries, as has been done here, helps answer in a new way the question why the COMECON failed. Considering how international and national agents involved in the COMECON co-operation shaped common planning projects, it becomes clear that the structurally weak interest of economic co-operation does not explain alone the failure of the Council. Rather, common economic failure and political success of separate national development strategies were two sides of the same coin.

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**64** For an overview of the debate, see Peter Boettke, *Socialism and the Market: The Socialist Calculation Debate Revisited*, vol. 5 (London: Routledge, 2000). A critical discussion of the strategic academic use of this debate in the capitalist world is provided in Johanna Bockman and Gil Eyal, “Eastern Europe as a Laboratory for Economic Knowledge: The Transnational Roots of Neoliberalism,” *The American Journal of Sociology* 108, no. 2 (2002): 317–323.

**65** Oscar Sanchez-Sibony, “Depression Stalinism. The Great Break Reconsidered,” *Kritika* 15, no. 1 (2014): 23–49.

**66** Crump, *The Warsaw Pact Reconsidered*.



