



COUNCIL
FOR MUTUAL
ECONOMIC
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SECRETARIAT

CMEA:

figures, facts, arguments



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The more than 30 years of the activity of the Council for Mutual Economic Assistance have demonstrated in practice that comprehensive mutual co-operation among the CMEA member countries is an important condition for realizing the advantages of the socialist system, for ensuring the rapid and stable growth of the member countries' economies and for improving the well-being of their peoples.

Using the advantages of socialism, the peoples of the CMEA member countries, relying on their own efforts and mutual co-operation, have raised considerably the economic, scientific and technological potentials of their countries and ensured major structural changes in their national economies. A major step forward has been taken in the gradual approximation and evening out of their economic development levels.

Vast experience has been accumulated in resolving by joint efforts such key problems as the provision of energy resources and raw materials, machinery, equipment, and other major products for the national economies and also in introducing the latest achievements of science and technology.

International relations of a new type that have become established within the framework of the community of the CMEA member countries and the peace foreign policies of those countries help promote their mutually beneficial co-operation with all the countries in the world. That is why the great interest displayed by other countries and by international organizations in the activity of the Council for Mutual Economic Assistance is quite natural and understandable.

This booklet describes the achievements made by the CMEA member countries in their co-operation and the prospects for CMEA's further development.

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Major results of the CMEA member countries' economic growth and activity of the council

The CMEA member countries account for roughly 10 per cent of the world's population, and their share of the world's total generated national income exceeds 25 per cent (in 1950 it was approximately 15 per cent). The share of the CMEA countries in the world industrial output amounts to about one-third (with the Soviet Union accounting for roughly 20 per cent) as against 18 per cent in 1950. It is constantly growing in many important types of industrial output as well.

The successes of the CMEA member countries stand out particularly graphically against the background of the economic situation in the world capitalist system, which is characterized by crisis phenomena, mass-scale unemployment and inflation, decrease in the real incomes of the working people and reduction in the indicators of economic growth. Sometimes, as was the case in the United States and Britain in 1980, the GNP goes down in absolute figures.

The supreme goal of the development of production in the CMEA member countries is the steady improvement of the well-being of the population and the provision of the best possible conditions for the comprehensive development of the individual. The successful accomplishment of this task is illustrated, in particular, by the fact that during the past 10 years alone the CMEA member countries have built about 30 million well-appointed flats, and more than 70 million people have moved into them.

The European CMEA member countries have reached the level of a number of developed West European states in **per capita** consumption of basic foodstuffs and in the provision of many durable manufactured goods for the population. The citizens of socialist countries, in addition, are guaranteed jobs, free education at all levels, free medical care and other social benefits.

Most of the increment in the national income of the CMEA member countries is used to improve the living standards, to raise the cultural and educational level of the population, and to improve and further develop social insurance and health care. All young people in those countries get secondary education free of charge. In 1980, the number of higher school students studying free of charge and getting government scholarships per 5

10,000 of the population was 98 in Bulgaria, 95 in Hungary, 155 in Cuba, 140 in Mongolia and 128 in Czechoslovakia.

The number of doctors per 10,000 of the population has grown from 9.5 in 1965 to 19.4 at present in Cuba; the figure for Bulgaria is 30 and for Poland 24.

The CMEA member countries have vast labour resources (their total population is 440 million, including more than 265 million in the USSR), rich natural resources, and strong production, scientific and technological potentials, providing a good basis for close interaction among the economies of those countries.

Here are a few practical examples.

At present most of the CMEA member countries meet the bulk of their import needs from mutual supplies; the figures are 68–70 per cent for machinery, equipment, raw oil, and iron ore, 94–95 per cent for coal and sawn timber, and 60 per cent for consumer goods. It is only thanks to their cohesion and fraternal mutually beneficial co-operation that the CMEA member countries have succeeded in lessening to a considerable extent the effect of the raw materials and energy crisis that broke out on the world capitalist market on their own economies.

Here is another example. The solution of the problems of international specialization and co-production is known to be very important for the CMEA member countries. Suffice it to recall that, in the conditions of the world economic situation in the 1950s and 1960s and also because of certain difficulties and lack of experience in organizing international specialization of production, every CMEA country had to produce a broad range of products. In the mid-1960s, for instance, the GDR and Czechoslovakia produced 70–80 per cent and Hungary 50–60 per cent of all the types of machinery and equipment sold on the international markets. The broad range of products prevented certain smaller countries from organizing production in optimal quantities and therefore from reducing production costs and turning out products at a modern technological level. The mutual exports of specialized products in engineering, for instance, grew from the value of 1,300 million roubles in 1971 to 9,000 million roubles in 1980 and their share of the mutual supplies of machinery and equipment among the CMEA member countries reached 34 per cent as a result of a complex of measures carried out by the CMEA bodies jointly with the member countries' interested institutions and organization to develop international specialization and co-production.

The efforts made by the European CMEA member countries in industrialization have brought about a considerable increase in their total industrial output of the products of the engineering and chemical industries and a number of other modern branches and sub-branches which are fundamental to the acceleration of scientific and technological progress.

The mechanization and electrification of production and the introduction of the latest achievements of chemical science and improvements in the

structure of the CMEA member countries' national economies have enabled them to raise labour productivity, to increase capital investments in their economies and to improve the well-being of the population.

The development of industrial production and scientific and technological progress have had an immediate effect on the commodity structure of the CMEA member countries' foreign trade. While in 1950 Bulgaria did not export any engineering products at all and in 1960 these exports amounted to 12.9 per cent of the total, at present they have reached almost 45 per cent, having grown more than 40-fold in physical terms as compared with 1960. The formerly backward agrarian country has mastered the production of radio-electronic instruments, computers, and other high-technology products with the help of fraternal CMEA member countries within a historically short period of time, and at present they feature prominently in its exports. Similar processes have been taking place in Hungary, Poland, and Romania.

The implementation of measures facilitating the approximation of the economic development levels of the CMEA member countries constitutes an important area of the CMEA's activity. As a result of the efforts taken by the member countries and their mutual co-operation in 1950–1980 the gap between the highest and lowest indicators of the European CMEA member countries' economic development levels reduced from 3.1 to 1.5 in *per capita* national income; from 4.9 to 1.6 in industrial output; from 2 to 1.5 in agricultural output; and from 3.2 to 1.6 in consumption funds. Bulgaria, Romania and Poland, where the industrial basis has been actually developed anew, have joined the ranks of industrialized countries with modern agricultural production. Mongolia, Cuba and Vietnam have made major progress in developing their national economies with the help of other CMEA member countries.

The deepening of mutual co-operation and the development of socialist economic integration

The successful development of the economies of the CMEA member countries and their mutual co-operation in the 1950s and 1960s provided conditions for a transition to a qualitatively new stage, namely, the deepening of co-operation and the development of socialist economic integration.

The 25th Meeting of the CMEA Session in July 1971 adopted a Comprehensive Programme for the Further Extension and Improvement of Co-operation and the Development of Socialist Economic Integration of the CMEA Member Countries.

This long-term programme is aimed at promoting a more rapid development of the productive forces in all the CMEA member countries, the achievement by them of the highest possible scientific and technological level, the greatest possible increase in the economic efficiency of social production and also the utmost growth of the productivity of social labour; improvements in the structure of production and its growing scope along with the steady increase in the level of technology and equipment in individual branches and the introduction of advanced technology in accordance with the requirements of the scientific and technological revolution; the meeting of the growing needs of the member countries' national economies in the longer term in fuel, energy, raw materials, modern equipment, agricultural products, food and food additives and other consumer goods mostly from the production and rational use of the resources of the CMEA member countries themselves; the raising of the material and cultural standards of the population of the CMEA member countries, the gradual approximation and evening out of the economic development levels of the CMEA member countries and the growth of the scope and stability of the world socialist market; the strengthening of the CMEA member countries' positions in the world economy and the ensuring of their eventual victory in the economic competition with capitalism.

The Comprehensive Programme provides for pooling the efforts of the CMEA member countries in resolving major national economic problems which are of prime importance for each of them; a complex of about 8 200 practical measures has been formulated to develop a number of industrial

branches, agriculture, transport, and also foreign trade, currency and financial relations, etc.

The measures to extend co-operation in material production can be subdivided into three major groups. The first of them includes the measures aimed at resolving the fuel and raw materials problem by the joint efforts of the member countries; the second those intended to promote the extension of international specialization and co-production; and the third those promoting scientific and technological co-operation among the CMEA member countries.

All the integration measures are carried out by the CMEA member countries on the basis of their completely free will and do not incur the establishment of supranational bodies or any encroachment on the sovereignty of those countries; neither do they affect their domestic planning and the financial and cost accounting operations of their organizations. The countries taking part in these measures have the possibility to enjoy the benefits of extensive international division of labour among all the world countries willing to promote economic relations with them. This is a manifestation of fundamental differences between the socialist economic integration and the capitalist integration.

International specialization and co-production constitute a major area of improving the efficiency of co-operation and socialist economic integration. This process promotes the more effective development of the national economic structures of the CMEA member countries and ensures the possibility to remove parallelism in production, which is often unjustified and irrational, thus facilitating the optimal specialization of their mutually complementing national economies in combination with the comprehensive development of each of them regardless of the strength of the population, the size of territory and the scope of domestic markets.

Emphasis here is laid today on the problems of major importance for the national economies, such as promotion of the comprehensive character of co-operation through relating research and developing efforts, the development and production of technology and the organization of technical services, and also the extension of the scope of international specialization in manufactured products and standardized units and parts with a view to optimizing the production of end products.

The development and extension of specialization and co-production of major types of machinery and equipment is effectively aimed at enabling the CMEA member countries to achieve technical progress and production growth in the energy, fuel and raw materials complexes, engineering, electric engineering, radio electronics, the chemical industry, transport and in agriculture.

At present, more than 120 multilateral and over 600 bilateral agreements in specialization and co-production are being implemented. Specialization has been extended to more than 10,000 types of engineering products alone. 9

These agreements, which are unique in their scope and their importance to the solution of energy problems, are exemplified by an agreement on multilateral specialization and co-production in making the basic complex of equipment for atomic power stations, which will lay the necessary foundation for building APS in other CMEA member countries with the technical assistance of the Soviet Union. Agreements on multilateral specialization and co-production in the manufacture of metal-cutting machine tools, forging and pressing equipment and automatic production lines for various industries, and also in the development of up-to-date metal-cutting machine tools, in particular, numerically controlled ones, are being implemented.

The ten-year experience of the implementation of the Comprehensive Programme has confirmed the correctness of the concerted course for extending co-operation and developing socialist economic integration that was formulated by the Communist and Workers' parties of the CMEA member countries.

The carrying out of this course has facilitated the pooling of the CMEA member countries' efforts in the interests of resolving major national economic problems, strengthening the might, cohesion and international prestige of those countries, promoting the dynamic and stable development of the national economies, the extension of international socialist division of labour and the evening out of their economic development levels.

The implementation of the provisions of the Comprehensive Programme has made it possible to raise co-operation among the CMEA member countries to a qualitatively new level, to aim it more effectively at technological progress, at specialization and co-production and at the development of natural resources by joint efforts for the common good of the socialist nations.

The planned basis of multilateral co-operation grew considerably stronger and the importance of a comprehensive approach to the drafting and implementation of multilateral measures increased in the course of the fulfilment of the Comprehensive Programme. This co-operation has been enriched with new forms which have complemented and concretized the Comprehensive Programme, primarily with long-term specific programmes of co-operation among the CMEA member countries and long-term bilateral programmes of specialization and co-production in material production.

The long-term specific programmes jointly with long-term bilateral programmes of co-operation have marked a new, major step in the extension of economic interaction between the fraternal countries and become an embodiment of the concerted strategy of co-operation in practical measures in the period up to 1990.

The agreements concluded by the CMEA member countries for the planned implementation of joint projects, featuring in the first Concerted Plan of the Multilateral Integration Measures of the CMEA Member Countries

10 for 1976--1980, have been fulfilled.

The key tasks of co-operation among the member countries in industry, agriculture, transport, construction and standardization have been tackled both consistently and perseveringly. Scientific and technological contacts, international specialization and co-production have been making progress, and a number of major integration projects have been carried out by the joint efforts of the CMEA member countries. The tools of multilateral co-operation have been improved in foreign trade and currency and financial relations, and the organizational and legal foundations of this co-operation have been strengthened. As a result, mutual foreign trade as an integral component of the process of the expansion of co-operation and socialist economic integration has grown.

Planned basis of co-operation

The Comprehensive Programme stipulates that the main method of organizing co-operation and extending international socialist division of labour is co-operation in planning, particularly in concerting plans.

The document points out that the major areas of co-operation among the CMEA countries in planning are:

- drafting of forecasts in major fields of economy, science and technology;
- co-ordination of long-term plans in major branches of the national economies and types of production;

- further improvement in the co-ordination of national five-year economic development plans;

- joint planning by interested countries in individual industries and types of production;

- exchange of experience among CMEA member countries in improving the systems of planning and economic management.

The essential conditions of high efficiency of co-operation in planning consist in the comprehensive solution of the problems of science and technology, capital investments, specialization and co-production that are subject to co-ordination, and also the concerting of mutual supplies and their basic terms on this basis.

Bilateral co-operation at a state-to-state level is carried out directly by the planning bodies of the CMEA member countries and also by intergovernmental commissions for economic, scientific and technological co-operation. They reach an agreement on a complex of questions of production, scientific, technological and foreign trade co-operation which are essential in drafting five-year economic development plans but which are of interest only to the two countries in question. In addition, they make more specific the multi-lateral contracts, agreements, and treaties insofar as they concern bilateral relations. Certain questions related to the development of individual sectors of the national economies and the production of certain types of goods and their exchange are settled in the process of bilateral co-operation between the corresponding ministries, departments and economic organizations

Every country decides independently in which measures it takes part, to what an extent and under what conditions, in co-ordinating the national economic development plans within the framework of multilateral co-operation. At the same time all the commitments stemming from agreed upon measures and formalized in contractual documents are reflected by the participating countries in their national economic development plans in accordance with their legislations so that the fulfilment of the jointly taken decisions should be effectively guaranteed.

As the Comprehensive Programme was implemented, the CMEA member countries came against the need to set aside in their national plans proper material, labour and financial resources for carrying out the preplanned integration measures.

The first Concerted Plan of Multilateral Integration Measures was drafted jointly by specialists of the CMEA member countries and approved by the 29th Meeting of the CMEA Session in 1975. It contained the specific commitments of every country, recorded in appropriate agreements, with regard to the joint construction of major integration projects. These include the "Soyuz" gas pipeline stretching for 2,677 km, the Ust-Ilim pulp-and-paper plant and the Kiembai asbestos mining and dressing combine with an annual capacity of 500,000 tons each, and also a number of other major projects in the USSR and other countries. The interested CMEA member countries have set aside a total of more than 9,000 million roubles of capital investment to carry out these giant construction projects.

Important measures in specialization and co-production, particularly in machinery and equipment, have been taken in accordance with the programmes stemming from the agreements included in the Concerted Plan, and also under contracts at a state-to-state and branch levels. The CMEA member countries have concluded quite a few multilateral and bilateral agreements to carry out these measures as well as their long-term specific programmes of co-operation.

The agreements provide for specialization in the production of mining and refrigerator equipment, battery-powered loaders, container and transportation technology, basic groups of metal-cutting machine tools and forging and pressing machinery, complete production lines for foundry workshops and plants, the products of transport engineering, such as diesel locomotives and freight and passenger cars, ship-building, farm machinery and tractor-making, engineering for the light industry, automobile making, etc.

The existence of long-term specialization and co-production agreements, as well as agreements on mutual supplies of different types of output enables the CMEA member countries confidently to expand production, timely to plan the necessary financial, labour and material resources, to enlarge and modernize production units, purposefully to conduct research, development

and experimental work, and to introduce advanced methods of organization of labour.

Developing their scientific and technical co-operation on a planned basis, the CMEA member countries have made considerable progress in accomplishing a number of scientific and technical tasks by joint efforts. More than 110 councils of authorized representatives, 63 co-ordinating centres and eight international interim groups of scientists and specialists have been set up and are functioning to carry out this co-operation under multilateral agreements.

At present, roughly 3,000 research and technical organizations of the CMEA member countries are taking part in multilateral co-operation. About 1,200 research projects were being worked out by the CMEA member countries' joint efforts in 1980. During the past decade the number of projects completed every year within the framework of co-operation has increased from 1,100 to 2,000; 200–300 new items of machinery, instrumentation and equipment are developed or improved annually; 100–150 production processes are developed anew or modernized; 100–200 new types of materials and preparations are produced. More than 16,000 theoretical and applied research projects have been completed during the past decade.

Following mutual consultations on matters of scientific and technological policy, Guidelines for Scientific and Technological Co-operation of the CMEA Member Countries, including 182 problems, have been drafted. This document has provided the basis for concerting plans in individual areas of science and technology and for drafting five-year scientific and technological co-operation plans within the framework of the CMEA bodies. 117 scientific and technological problems included in the Guidelines orient the development of co-operation to a longer term within the framework of long-term specific programmes.

The work done in forecasting is quite important. During the past decade various CMEA bodies produced more than 130 scientific and technological forecasts, including those related to major avenues for the development of welding production in the CMEA member countries, the development and application of computer technology in the national economy, the development of technology and optimal areas of application of natural gas as energy and industrial fuel, communal and household fuel and material for agricultural production; these forecasts extend to 1990.

A number of comprehensive inter-branch programmes of scientific and technological co-operation for 10–15 years has been developed. They cover, in particular, fuel and energy problems, protection and improvement of the environment, and instrument making for science.

Research and development work in accordance with the CMEA member countries' programme of scientific and technological co-operation in resolving the fuel and energy problems in 1976–1980 and in the longer term (up to 1990) has been carried out on 45 problems and 78 subject areas included

More than 2,000 projects have been completed in the course of implementing the programme for protection and improvement of the environment in 1976–1980, and the results of 750 of them are used in practice, including gas and water purification equipment, control and measurement instruments and equipment for recycling communal and industrial waste, etc. Twelve specialization and co-production agreements have been concluded on the above types of machinery and equipment.

More than 60 up-to-date models of instruments and devices have been developed for carrying out research in various fields of science; 36 of them have been adopted for small-batch production in the CMEA member countries. Most of the newly developed scientific instruments are on a par with the world's best models from the point of view of their technical specifications.

Altogether 1,210 new types of medical technology have been produced in 14 fields, and their technical specifications equal to those of the world's best models; 1,137 of them have been adopted for serial production in the CMEA member countries.

The implementation of measures included in the Concerted Plan of Multilateral Integration Measures of the CMEA Member Countries has been very important for extending co-operation in tackling the more urgent problems of science and technology.

Altogether 450 major research and experimental projects were completed within the framework of the Plan by the end of 1980, and about 150 various installations, pieces of machinery, apparatus and equipment, more than 30 production processes and about 20 new types of materials and preparations were developed. The Concerted Plan for 1981–1985 includes 35 major assignments, which are expected to produce practical results within the current five-year period.

The progress made by the CMEA member countries in extending co-operation and developing socialist economic integration has made it possible to go over to new, improved forms of co-operation in planning, namely, to drafting and carrying out long-term specific programmes of co-operation (LTSPCs), which are an embodiment of the concerted strategy of co-operation among the CMEA member countries in various fields of material production.

The aim of the measures included in these programmes is to help in resolving the more urgent and vitally important problems of the national economies of the member countries, to meet by joint efforts their growing needs in energy, fuel, and basic types of raw materials, to meet to a greater extent the demand for food and manufactured consumer goods, to raise the standards of engineering and to accelerate the development of transport.

The CMEA member countries agreed to use part of their natural resources, production potentials and financial reserves to resolve these problems. The programme provides both for expanding the production of various types of goods and for measures intended to ensure the more rational use of raw materials and other reserves. The implementation of the programmes, which include 340 major undertakings, is facilitating the rapid growth of social

production and its rising efficiency, and helps to further improve the material and cultural living standards of the population of the CMEA member countries.

Two of the five specific programmes, those in the field of agricultural production and the food industry and also in the production of consumer goods, are directly aimed at better meeting the growing demands of the CMEA member countries' population from the intensification of domestic production in each country and from extending their economic, scientific and technological relations between themselves.

The programmes include a complex of measures aimed at strengthening the material and technical base of agriculture and the food industry and to expand the production of a number of farming products in the countries possessing favourable natural conditions for this.

The specific programme in agriculture and the food industry provides for specialization and co-production in the manufacture of tractors with a capacity of 150 h.p. or more, with a set of farm machinery for them, and also for different measures to further mechanize crop farming and livestock breeding. The interested CMEA member countries have signed and are carrying out multilateral agreements to improve various breeds of cattle, pigs, and fine-fleece, rough-wooled and semirough-wooled sheep.

The long-term specific programme in consumer goods includes about 40 major projects intended to better meet the demand of the CMEA member countries' population for fabrics, clothes, foot-wear and durables. Agreements have already been signed on the development of production units in Bulgaria, Czechoslovakia and Romania by 1990 to produce 33.7 million metres of upholstery to be supplied to Mongolia, Poland and the USSR. An agreement on the development of new up-to-date designs of refrigerators and deep-freeze technology and automatic washing machines, and a number of other agreements have been concluded.

Naturally, the production of food and consumer goods in the CMEA member countries can only be expanded on the basis of the further development of the production base of each country, particularly in the fuel and raw materials branches and engineering, and also through intensifying production processes. The long-term specific programmes and bilateral agreements concluded between countries stipulate major undertakings on co-operation in this field.

The more important of them provides for building atomic power stations with an aggregate rated capacity of up to 37 million kW in European CMEA member countries with the Soviet Union's assistance and two APS's with a capacity of four million kW each, primarily to supply electricity to other CMEA member countries. These power stations will generate as much electricity as could be obtained from burning more than 70 million tons of conventional fuel a year.

In addition, the member countries will use on a large scale domestically
16 available sources of low-calorie fuel, and a number of measures have been