

# The End of the Council for Mutual Economic Assistance

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**For citation:** Fujisawa J. The End of the Council for Mutual Economic Assistance. *Vestnik of Saint Petersburg University. History*, 2022, vol. 67, issue 2, pp. 532–549.  
<https://doi.org/10.21638/11701/spbu02.2022.213>

This paper analyzes the negotiations within the Council for Mutual Economic Assistance during the final years of its existence, focusing on the Soviet reform proposals and M. S. Gorbachev's vision of the "Common European Home" as well as on Eastern European reaction to them. In the second half of the 1980s, Gorbachev tried to found a "unified market" for the Council for Mutual Economic Assistance by introducing a market-oriented reform of the organization. However, this attempt did not materialize because of the East German and Romanian objections. After the collapse of Eastern European socialist regimes in 1989, the Soviet leadership urged the member-states to accelerate the reform of this international organization, hoping to achieve the pan-European economic integration through close cooperation between the totally reformed Council for Mutual Economic Assistance and the European Community. Although the Central European countries, namely Czechoslovakia, Hungary, and Poland, aspired to join the EC individually, they agreed to participate in a successor organization of the Council for Mutual Economic Assistance because the EC was not ready to accept them. Accordingly, by the beginning of 1991, all the member-states agreed to establish a consultative organization, which would be named the Organization for International Economic Cooperation). However, as the Soviet Union failed to sustain trade with the Central European countries, the three countries lost interest in the project. As a result, the Council for Mutual Economic Assistance was disbanded without any successor organization. In other words, it did not collapse automatically after 1989 but came to an end as a result of various factors, such as rapidly declining trade between the member-states, Western disinterest in the cooperation with it, and the Central European policy changes.

*Keywords:* Soviet Union, Council for Mutual Economic Assistance, Eastern Europe, Czechoslovakia, Hungary, Poland, European Community.

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This work was supported by the Russian Science Foundation under grant 19-78-10023 ("Friendship of Convenience: Incentives and Justifications of the Integration of the CMEA's European member-countries").

Работа выполнена при поддержке Российского научного фонда в рамках гранта 19-78-10023 («Дружба удобства: стимулы и обоснования интеграции европейских стран — членов СЭВ»).

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**Для цитирования:** *Fujisawa J.* The End of the Council for Mutual Economic Assistance // Вестник Санкт-Петербургского университета. История. 2022. Т. 67. Вып. 2. С. 532–549.  
<https://doi.org/10.21638/11701/spbu02.2022.213>

В данной статье рассматриваются переговоры в рамках Совета экономической взаимопомощи в последние годы его существования на основе российских и немецких архивных материалов. Особое внимание уделяется советским предложениям по реформе этой международной организации, политике М. С. Горбачева о реализации «Общеввропейского дома», а также реакции на них стран Восточной Европы. Во второй половине 1980-х годов Горбачев пытался создать «единый рынок» Совета экономической взаимопомощи путем проведения рыночной реформы организации. Однако эта попытка не была реализована из-за возражений Восточной Германии и Румынии. После краха восточноевропейских социалистических режимов в 1989 г. советское руководство призвало страны-участницы ускорить реформу, надеясь достичь общеевропейской экономической интеграции путем тесного сотрудничества между полностью реформированным Советом экономической взаимопомощи и Европейским сообществом. Хотя страны Центральной Европы (Чехословакия, Венгрия и Польша) стремились вступить в Европейское сообщество по отдельности, даже они согласились участвовать в организации-преемнице Совета экономической взаимопомощи, поскольку Европейское сообщество не было готово принимать их. Соответственно, к началу 1991 г. все страны-участницы договорились о создании консультативной организации, которая получила название Организация международного экономического сотрудничества. Однако, поскольку Советский Союз не смог поддерживать торговлю со странами Центральной Европы, эти три страны потеряли интерес к Организации международного экономического сотрудничества. В результате Совет экономической взаимопомощи был распущен без какой-либо организации-преемника. Таким образом, он не распался автоматически после 1989 г., а пришел в упадок в результате различных факторов, таких как быстрое сокращение торговли между странами-членами, незаинтересованность Запада в сотрудничестве с Советом экономической взаимопомощи и изменения политики в странах Центральной Европы.

*Ключевые слова:* Советский Союз, Совет экономической взаимопомощи, Восточная Европа, Чехословакия, Венгрия, Польша, Европейское сообщество.

### Introduction

At the end of the 1980s, M. S. Gorbachev, a new General Secretary of the Communist Party of the Soviet Union (CPSU), adopted a policy of non-intervention in Eastern Europe and promoted rapprochement with the West. This “new thinking” in diplomacy facilitated the change of regimes in Eastern European countries in 1989, which then led to the collapse of the socialist bloc. Accordingly, the Cold War division of Europe came to a peaceful end, and a new post-Cold War order emerged with the increasingly dominant influence of the North Atlantic Organization (NATO) and the European Community (EC)<sup>1</sup>.

<sup>1</sup> As to Gorbachev’s policy in Eastern Europe, see, for example: *Kramer M.* The Demise of the Soviet Bloc // *Journal of Modern History*. 2011. Vol. 83, issue 4. P. 788–854; *Lévesque J.* The Enigma of 1989. The USSR and the Liberation of Eastern Europe. Berkeley, 1997; *Savranskaia S.* The Logic of 1989: The Soviet Peaceful Withdrawal from Eastern Europe // *Masterpieces of History: The Peaceful End of the Cold War in*

While this process is well known in the historiography, scholars have scarcely analyzed the disintegration of the Council for Mutual Economic Assistance (COMECON)<sup>2</sup>. In the last ten years, many studies on the COMECON have been published, but they mainly dealt with the period between the 1950s and 1970s<sup>3</sup>. As a result, it has been often assumed that the organization automatically collapsed after the events of 1989<sup>4</sup>.

However, as this paper will show, even after 1989, Gorbachev seriously tried to maintain the organization, at least temporarily. By then, Gorbachev's goal was no longer the survival of the COMECON as such but the creation of a "pan-European economic space" by promoting association between the COMECON and the EC. He hoped that by such steps he could save his vision of the "Common European Home" in the economic sphere<sup>5</sup>. Therefore, at the COMECON, the Soviet officials actively negotiated with the Eastern European delegates about the fundamental reform of the organization as a precondition for the future association with the EC. Surprisingly, even the Central European countries, namely Czechoslovakia, Hungary, and Poland, did not oppose Gorbachev's vision since the EC was not ready to accept them in the near future. As a result, by the beginning of 1991, all the COMECON member-states except the German Democratic Republic (GDR), which had been integrated into the Federal Republic of Germany (FRG), agreed to found the Organization for International Economic Cooperation (OIEC), a successor organization of the COMECON which had limited capacity. However, in the last minutes, the three Central European countries rejected the OIEC, preferring cooperation among themselves for the purpose of an early entry into the EC. In other words, the collapse of the COMECON was neither predetermined nor straightforward but was affected by factors such as the Western disinterest in the cooperation with the COMECON, the policy change of the Central European countries, and the rapidly declining trade between the Soviet Union

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Europe. Budapest, 2010. P. 1–47; *Polynov M. F.* "Doktrina Gorbacheva" i ukhod SSSR iz Vostochnoi Evropy // *Noveishaia istoriia Rossii*. 2011. Vol. 2. P. 107–121. — As to the emergence of a new European order, see especially: *Spohr K.* *Post Wall, Post Square: Rebuilding the World after 1989*. London, 2019; *Sarotte M. E.* 1989: The Struggle to Create Post-Cold War Europe. Princeton, 2009.

<sup>2</sup> J. van Braband and L. Metcalf were notable exceptions, but they did not examine the negotiations within the COMECON since the archival documents were still inaccessible. See: *Braband J., van.* *Remaking Eastern Europe: On the Political Economy of Transition*. Dordrecht, 1990; *Metcalf L.* *Centripetal and Centrifugal Forces in the CMEA: Prospects for the Future // Studies in Comparative Communism*. 1992. Vol. 25, issue 2. P. 123–138. — As to the relations between the EC and CMEA, see: *Dragomir E.* *Romania and the Intra-Bloc CMEA Negotiations on the Establishment of CMEA-EEC Relations, 1984–1988 // Historical Yearbook*. 2018. Vol. 15. P. 123–137. — As to the discussions within the Soviet Union, see also: *Dashichev V. I.* *Neudavshiesia popytki reformirovaniia Soveta ekonomicheskoi vzaimopomoshchi (k 60-letiiu sozdaniia SEV) // Sotsial'no-gumanitarnye znaniia*. 2009. Vol. 5. P. 181–198.

<sup>3</sup> See, for example: *Ahrens R.* *Gegenseitige Wirtschaftshilfe? Die DDR im RGW. Strukturen und handelspolitische Strategien 1963–1976*. Köln, 2000; *Kansikas S.* *Socialist Countries Face the European Community: Soviet-Bloc Controversies over East-West Trade*. Frankfurt am Main, 2014; *Lipkin M. A.* *Sovetskii Soiuz i integratsionnye protsessy v Evrope: Seredina 1940-kh — konets 1960-kh godov*. Moscow, 2016; *Orlik I. I.* *Tsentral'no-vostochnaia Evropa: Ot SEV do Evrosoiuzia // Novaia i noveishaia istoriia*. 2009. Vol. 2. P. 3–20; *Steiner A.* *The Council of Mutual Economic Assistance: An Example of Failed Economic Integration? // Geschichte und Gesellschaft*. 2013. Vol. 39, issue 2. P. 240–258; *Stone R.* *Satellites and Commissars: Strategy and Conflict in the Politics of Soviet-Block Trade*. Princeton, 1995.

<sup>4</sup> Even Stone, who partially examined the final years of the CMEA, came to such a conclusion (*Stone R.* *Satellites and Commissars*. P. 210–227).

<sup>5</sup> While Gorbachev's vision of the "Common European Home" is well known, it has been scarcely researched in connection with the COMECON. See, for example: *Marie-Pierre R.* 'Europe is our Common Home': A Study of Gorbachev's Diplomatic Concept. *Cold War History*. 2004. Vol. 4, issue 2. P. 39–42.

and the Eastern European countries. This paper examines this process on the basis of the former Soviet and East German archival documents, focusing especially on Gorbachev's COMECON policy, his vision of pan-European economic integration, and on the Eastern European reactions to it.

## Gorbachev's attempt at the reform of the COMECON

When Gorbachev was appointed the General Secretary of CPSU, the Eastern European economies were in grave crisis. Many Eastern European countries faced mounting debt problems and were increasingly becoming dependent on the economic relations with the West<sup>6</sup>. Gorbachev was well aware of this problem. In November 1985, he pointed out that a “substantive perestroika” of the COMECON was necessary and that “the responsibility in this matter will lie in our country”<sup>7</sup>. In June 1986, in a memorandum to the Politburo, he expressed concern that the “socialist economic integration” was “sharply behind the integration process in Western Europe”. Worse yet, many aspects of the intra-bloc relations were “at the stage of commodity exchange”. Therefore, he emphasized that “a genuine turning point in the entire system of collaboration with our allies” and a “radical *perestroika* of the economic cooperation mechanism” should be realized<sup>8</sup>. The unfavorable trade patterns in the COMECON also motivated Gorbachev to accelerate such a reform. “We ended up assuming the slave labor — producing resources and supplying other countries with them. Even Bulgaria offers machines to us in return for resources”, he complained in August 1986<sup>9</sup>.

To counteract these undesirable tendencies, Gorbachev convened a special summit meeting of the COMECON countries in November 1986, in which he proposed to introduce a partial convertibility to the national currencies of the member-states and to cultivate direct contacts between enterprises of the member-states<sup>10</sup>. Such ideas were nothing new since some reform-oriented member-states had already put them forward in the 1960s. At the time, the Brezhnev leadership rejected these ideas, but Gorbachev belatedly accepted the need for such market-oriented reforms<sup>11</sup>. However, while the Hungarian leader J. Kadar and the Polish leader W. Jaruzelski supported Gorbachev, other leaders either neglected his proposal or, in the case of N. Ceausescu, vocally opposed to it<sup>12</sup>.

In the subsequent negotiations, the differences between the conservative countries, such as the GDR and Romania, on the one hand, and the reform-oriented countries, such as Hungary and Poland, on the other hand, became more apparent. At the 122<sup>nd</sup> Execu-

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<sup>6</sup> Berend I. *From the Soviet Bloc to the European Union: The Economic and Social Transformation of Central and Eastern Europe since 1973*. Cambridge, 2009. P. 33; Kotkin S. *The Kiss of Debt: The East Bloc Goes Borrowing // The Shock of the Global: The 1970s in Perspective*. Cambridge, 2010. P. 80–93.

<sup>7</sup> Gorbachev M. S. *Sobranie sochinenii*. Vol. 3. Moscow, 2008. P. 148.

<sup>8</sup> Savranskaya S. *Masterpieces of History*. P. 232–233.

<sup>9</sup> V Politburo TsK KPSS... Po zapisiam Anatolii Cherniaeva, Vadima Medvedeva, Georgiia Shakhnazarova (1985–1991). Moscow, 2008. P. 77.

<sup>10</sup> Niederschrift über das Treffen der führenden Repräsentanten der Bruderparteien sozialistischer Länder des RGW, 10–11.11.1986 // Stiftung Archiv der Parteien und Massenorganisationen der DDR im Bundesarchiv (SAPMO-BA). DY30/J IV 2/2/2194. Bl. 20–21.

<sup>11</sup> As to the Czechoslovak, Hungarian, and Polish proposals in the 1960s, see: Stone R. *Satellites and Commissars*. P. 115–137.

<sup>12</sup> Niederschrift über das Treffen der führenden Repräsentanten der Bruderparteien sozialistischer Länder des RGW, 10–11.11.1986 // SAPMO-BA. DY30/J IV 2/2/2194. Bl. 27, 41, 44–45.

tive Committee in January 1987, when a Soviet representative A. K. Antonov proposed to approximate the intra-COMECON price to that of the world market from 1991 onwards and to introduce partial convertibility to the national currencies of member-states, Czechoslovakia, Hungary, and Poland in principle supported him. Bulgaria also agreed with the Soviet proposal on many points, except for the issue of the currency convertibility. Curiously, the usually obstructionist Romanians did not state their position. However, the East Germans vehemently opposed the Soviet idea. East German permanent representative G. Kleiber rhetorically asked why the COMECON should abandon the existing “well-established principle” of price and demanded a “fundamental inspection” of the Soviet proposal<sup>13</sup>.

East German opposition notwithstanding, the Soviet government gradually radicalized its proposal in the following months. In March 1987, the Soviet side made it clear that its final goal would be the gradual formation of a “common market”, a “currency union”, and a “tariff union” of the COMECON countries on the basis of price and currency reforms. As expected, the East Germans and the Romanians rejected such a proposal, while other countries supported it<sup>14</sup>. At the 123<sup>rd</sup> Executive Committee in June 1987, the representative of East Germany Kleiber sharply criticized the Soviet proposal of “establishing a common market in the future” and insisted on preserving the existing form of plan coordination. According to the East German report, while Romania took a similar position, other member-states supported the Soviet idea. Especially vocal was W. Gwiazda, the Polish permanent representative in the COMECON, who strongly endorsed the Soviet proposal<sup>15</sup>.

The negotiations thus reached a stalemate. To the dismay of the Soviet leadership, the East German delegation used this deadlock to insert a phrase into the draft decision of the 43<sup>rd</sup> COMECON Plenum that would demand “research” of the plausibility of the reform before taking any decision<sup>16</sup>. The Soviet Prime Minister N. I. Ryzhkov vented his frustration on the stubborn East German resistance. At the 43<sup>rd</sup> COMECON Plenum in October 1987, he complained that “[o]n a series of questions, only an agreement to study them was achieved, [and] on many questions, there are still difference of opinions”<sup>17</sup>. The delegates of Bulgaria, Czechoslovakia, Hungary, and Poland also expressed their strong discontent with the stalemate<sup>18</sup>.

Despite these setbacks, the Soviet leadership was determined to realize a “unified market” and made a new proposal, according to which, the interested member-states would draw up a concept for the “unified market” and partially introduce the convertibility of national currencies by 1990 at the latest. Then, between 1991 and 1995, the interested member-states would coordinate their tariff policy vis-à-vis third countries as well as ad-

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<sup>13</sup> Information über die 122. Sitzung des Exekutivkomitees des RGW, 21. 1. 1987 // SAPMO-BA. DY3023/1316. Bl. 242–247.

<sup>14</sup> Standpunkt der DDR zu dem vom Ständigen Vertreter der UdSSR im RGW übergebenen Vorschlag, 17. 3. 1987 // Ibid. DY30/J IV 2/2/2210. Bl. 38–45; Direktive für das Auftreten des Vertreters der DDR auf der 123. Sitzung des Exekutivkomitees des RGW, 2.6.1987 // Ibid. DY30/J IV 2/2/2223. Bl. 244–245, 250.

<sup>15</sup> Information über die 123. Sitzung des Exekutivkomitees des RGW, 5. 6. 1987 // Ibid. DY3023/1317. Bl. 6–9.

<sup>16</sup> Directive für das Auftreten des Vertreters der DDR auf der 124. Sitzung des Exekutivkomitees des RGW am 14.–15.9.1987 // Ibid. DY30/J IV 2/2A/3050. Bl. 2–3.

<sup>17</sup> Rede Ryzhkovs auf dem 43. Plenum des RGW // Ibid. DY30/J IV 2/2A/3065. Bl. 173.

<sup>18</sup> Bericht über die 43. Tagung des RGW am 13–14.10.1987 // Ibid. DY30/J IV 2/2A/3065. Bl. 90–91.

vance the currency and price reform. Finally, in the third phase after 1995, they would establish a “unified market of the COMECON countries” with a tariff and currency union<sup>19</sup>.

While Eastern European countries, except the GDR and Romania, supported the Soviet idea in principle, the pro-reformist Hungarian government began to distance itself from the attempted reform. In fact, at the 126<sup>th</sup> Executive Committee in February 1988, it showed strong interest in relations with the West and proposed to connect the establishment of a “unified market” with the turn to the world economy<sup>20</sup>. The Hungarian position further radicalized when the joint declaration of the COMECON and the EC was signed in June 1988, which allowed the COMECON member-states to establish formal relations with the EC. The new Hungarian leadership under K. Grósz immediately signed the trade and cooperation agreement with the EC, in which the EC admitted most favorable treatment and partially lifted restrictions on imports from Hungary<sup>21</sup>. By 1988, the Hungarians apparently prioritized relations with the EC over its commitment to the COMECON.

### Gorbachev’s Idea of the “Common European Home” and the COMECON

To counter the growing centrifugal tendencies in the COMECON, Gorbachev emphasized the need to realize the “Common European Home” through cooperation between the Warsaw Pact and the NATO as well as between the COMECON and the EC. At the Political Consultative Committee of the Warsaw Pact in July 1988, he admitted that the Soviets “came too late in identifying the strength and effectiveness of the Western integration”, but the creation of the Common Market in 1992 would necessitate a Soviet-Eastern European “program of action” in Europe. Accordingly, he proposed to realize the “Common European Home” by “building bridges between the Warsaw Pact and NATO” as well as by intensifying contacts between the EC and the COMECON. Economically, this meant the creation of “truly pan-European economic cooperation”. For this purpose, he urged Eastern European leaders to take measures for the “coordination of our own actions” and “socialist economic integration”<sup>22</sup>. In this way, Gorbachev tried to overcome the division of Europe in the economic sphere through bloc-to-bloc cooperation between the EC and the COMECON rather than through cooperation between the individual COMECON countries and the EC.

However, the EC countries did not show any interest in promoting such bloc-to-bloc cooperation with the COMECON, preferring to expand relations with individual COMECON member-states<sup>23</sup>. The Hungarian leadership also appreciated such an individual approach. As the 44<sup>th</sup> COMECON Plenum in July 1988 did not lift the deadlock about

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<sup>19</sup> Direktive für das Auftreten des Vertreters der DDR auf der 126. Sitzung des Exekutivkomitees des RGW am 2–4.2.1988 // Ibid. DY3023/1317. Bl. 176–177.

<sup>20</sup> Information über die 126. Sitzung des Exekutivkomitees des RGW, 4. 2. 1988 // Ibid. DY3023/1317. Bl. 203–205.

<sup>21</sup> Smith K. The Making of EU Foreign Policy. The Case of Eastern Europe. Basingstoke, 2004. P. 54–58. — As to the background of the joint declaration, see: *Dragomir E.* Romania and the Intra-Bloc CMEA Negotiations. P. 123–137.

<sup>22</sup> Speech by the General Secretary of the CPSU (Mikhail Gorbachev) in Warsaw, 15.7.1988 // Parallel History Project on Cooperative Security (PHP) Collections, P. 6–8, 16–17. URL: [https://www.php.isn.ethz.ch/kms2.isn.ethz.ch/serviceengine/Files/PHP/15942/ipublicationdocument\\_singledocument/ae4f61c2-8cdb-4fff-8f50-37d0fb32c1f1/ru/Speech\\_Gorbachev\\_Russian\\_1988\\_7.pdf](https://www.php.isn.ethz.ch/kms2.isn.ethz.ch/serviceengine/Files/PHP/15942/ipublicationdocument_singledocument/ae4f61c2-8cdb-4fff-8f50-37d0fb32c1f1/ru/Speech_Gorbachev_Russian_1988_7.pdf) (accessed: 09.12.2021).

<sup>23</sup> Smith K. The Making of EU Foreign Policy. P. 52–54.

the reform of intra-bloc economic relations, the Hungarian party leadership adopted a resolution in March 1989 that formulated its fundamental policy reorientation. “Over the past four decades”, the resolution pointed out, “COMECON, as an institution, has proven to be unsuccessful in its entirety... Recovery is not possible in a collective manner”. Even the Soviet idea of a “unified market” would not be an alternative for Hungary since none of the COMECON countries had a national market economy<sup>24</sup>. P. Iványi, Secretary of the Hungarian Socialist Workers’ Party responsible for the economic affairs, explained this Hungarian policy at the meeting of the Secretaries of the Central Committees of the socialist parties of the COMECON member-states in June 1989. At this meeting, he pointed out that “decades of work” would be necessary for the preparation of a “unified market”, and that the proposal for a free trade zone and a tariff union of the COMECON did not have any “real premises”. In his opinion, the COMECON cooperation should be limited to “mutual information and mutual consultation about the purposes of the perspective development of the member-states”<sup>25</sup>. The Hungarians thus clearly shifted away from the COMECON cooperation even before the change of Eastern European regime of 1989.

By the summer of 1989, Poland followed the Hungarian example. Since the Polish economy had suffered from severe debt problems, both the Polish government and the oppositional *Solidarność* hoped to gain economic support from the West. While the United States were not ready to take substantial measures in this regard, the EC contemplated on giving more favorable terms to Poland and agreed to sign the trade and cooperation agreement with Poland after the *Solidarność*’s victory in the parliamentary election in the summer of 1989<sup>26</sup>.

The increasing centrifugal tendencies in the COMECON further alarmed Gorbachev who tried to counter the trend by accelerating the process towards the “Common European Home”. Shortly after the election in Poland, at the Council of Europe in Strasbourg, he passionately appealed for the creation of a “single Europe” through pan-European security and economic structure from the Atlantic to the Ural. As to economic cooperation, he emphasized that “the model of economic rapprochement between the Eastern and Western Europe” would be largely determined by relations between the EC, European Free Trade Association (EFTA), and the COMECON. In this regard, he admitted that the bottleneck lay in the slow pace of reform in the COMECON. “The pace of internal transformations in the COMECON will”, he pointed out, “largely determine what will develop more rapidly in the coming years — the relations between the COMECON–EC as groups or between individual socialist countries and the EC”. Although the COMECON also took measures aimed at the “establishment of the unified market”, as he conceded, “we are badly behind in this respect”. Accordingly, the relations between the EC and individual COMECON countries gained momentum, but he cautioned that “both of them” should “fit into the logic of the formation of the pan-European economic space”<sup>27</sup>. In this way, Gorbachev

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<sup>24</sup> *Germuska P.* Unified Military Industries of the Soviet Bloc: Hungary and the Division of Labor in Military Production. Lanham, 2015. P.247–249; Brief von Kleiber zu Mittag, 4.8.1988 // SAPMO-BA. DY3023/1318. Bl. 43–51; Bericht über die 44. Tagung des RGW // Ibid. DY30/J IV 2/2A/3141. Bl. 86–92.

<sup>25</sup> Rede von P. Iványi auf der Beratung der Wirtschaftssekretäre der Zentralkomitees der Bruderparteien der Mitgliedsländer des RGW am 6–7.6.1989 // SAPMO-BA. DY30/J IV 2/2A/3224. Bl. 48, 50.

<sup>26</sup> *Smith K.* The Making of EU Foreign Policy. P.58–59; *Domber G. F.* Empowering Revolution: America, Poland, and the End of the Cold War. Chapel Hill, 2014. P.228–232.

<sup>27</sup> *Gorbachev M.* Sobranie sochinenii. Vol. 15. P.159–160, 165–166, 169.

urged the EC to strengthen relations not only with individual countries but also with the COMECON.

Such a Soviet appeal, however, did not have any effects. In fact, the centrifugal tendencies within the COMECON gathered pace. After the establishment of the non-communist government in Poland, at the Warsaw Pact Committee of the Ministers of Foreign Affairs in October, new Foreign Minister of Poland K. Skubiszewski expressed its desire for “total opening to the West”, through which Poland would become a “bridge between the East and West”<sup>28</sup>. While Shevarnadze did not oppose such an idea, he repeated Gorbachev’s proposal about “the activization of the relations of the Council for Mutual Economic Assistance with the Western regional associations”. For this purpose, he urged other member-states to prepare for the reform of the COMECON since it remained “significantly behind the current necessities”<sup>29</sup>. By this time, however, not only the usually obstructionist Romanians, but also the Hungarian government regarded the “unified market” as “not realistic”<sup>30</sup>.

At the same time, it should be noted that even the Hungarians and the Poles did not have the intention to immediately abandon the COMECON. Hungarian Foreign Minister G. Horn, for example, stressed that his country should stay in the Warsaw Pact and the COMECON provided that these organizations were fundamentally reformed. He took such a position since he feared that the Soviet military intervention could not be ruled out in the case of a sudden turnaround of the Soviet policy in Eastern Europe. The Polish government likewise intended to stay in these organizations and demanded their reform. Many Western countries, fearing destabilization in Europe, also urged the Eastern European countries to remain in these organizations<sup>31</sup>. N. N. Slyun’kov, Secretary of the Central Committee of the CPSU responsible for economic affairs, summarized Hungary’s aim as “gaining free hand in relations with the West but without rupturing relations with the USSR and other COMECON member-states”. For this purpose, the Hungarian government strove for economic cooperation with the interested countries of the COMECON “without connection to the integration in the framework of the COMECON”<sup>32</sup>.

As changes of regime took place in one after another country in Eastern Europe, Gorbachev desperately sought to preserve the COMECON until the “Common European Home” was established. At the Warsaw Pact Political Consultative Committee (PCC) on 4 December, he reiterated that “although great change occurred in the leadership of the countries, all of us need each other”. Summarizing his recent meeting with U. S. President G. H. W. Bush in Malta, he mentioned that the EC and COMECON were also part of the conversation, in which it was stated that “these two communities will become more

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<sup>28</sup> Bericht über die 19. Tagung des Komitees der Außenminister der Teilnehmerstaaten des Warschauer Vertrages am 26–27.10.1989 // Bundesarchiv Berlin (BA-B). DC20/I-3/2863. Bl. 21–22.

<sup>29</sup> Rede von E. A. Schewarnadse, 26.10.1989 // Ibid. Bl. 76–77.

<sup>30</sup> Information über das Treffen der Wirtschaftssekretäre der Zentralkomitees der Bruderparteien der Mitgliedsländer des RGW am 9–10.11.1989 // SAPMO-BA. DY30/J IV 2/2A/3262. P. 72–73; Rede des Genossen Sljunkow auf der Beratung am 9.11.1989 // Ibid. P. 87–93.

<sup>31</sup> *Borhi L. Dealing with Dictators: The United States, Hungary, and East Central Europe, 1942–1989.* Bloomington, 2016. P. 388–408; *Dudek A. Ewolucja stanowiska rządu Tadeusza Mazowieckiego w sprawie obecności Polski w Układzie Warszawskim oraz stacjonowania na jej terytorium wojsk sowieckich // Dzieje Najnowsze.* 2014. Vol. 47, issue 4. P. 163–165.

<sup>32</sup> *Konets epokhi. SSSR i revoliutsii v stranakh Vostochnoi Evropy v 1989–1991 gg. Dokumenty.* Moscow, 2015. P. 87–89.

open in relation with each other, and the possibilities of broader cooperation will come about”<sup>33</sup>. He hoped that the West would take steps to this end.

The leaders of Eastern Europe did not oppose him. R. Nyers, Chairman of Hungarian Socialist Party, underlined that the member-states should discuss the question of “how our more effective participation in the world market on the basis of mutual cooperation should be constructed”. At the same time, even he acknowledged the need for economic cooperation between the COMECON member-states. Polish President Jaruzelski also stressed “the necessity of improving the work of the COMECON” while voicing his expectations for the “rapprochement between the West and the East” in the economic sphere. H. Modrow, new East German Prime Minister, by contrast, took a more cautious attitude and merely proposed to “prepare a concept of joint economic development”. Gorbachev welcomed these remarks and emphasized the need to discuss “new forms of cooperation and adaptation to the world economy” at the next COMECON Plenum<sup>34</sup>.

Contrary to Gorbachev’s hopes, however, time was not on his side. Shortly after the PCC meeting, the socialist regimes in Czechoslovakia and Romania collapsed. The ouster of Ceausescu seemingly removed the last obstacle for the liberalization of the COMECON, but the Velvet Revolution in Czechoslovakia further eroded the support for the COMECON since new Czechoslovak President V. Havel would become one of the strongest proponents of the idea of “return to Europe”. Now, under totally new circumstances, the Soviet leadership had to find ways to reach a compromise in the COMECON.

## COMECON in 1990

The year 1990 began with ominous news for the Soviet leadership. Shortly after Havel assumed the presidency, radical Czechoslovak Finance Minister Vaclav Klaus made a striking statement that “Czechoslovakia has decided to apply for CMEA’s [COMECON’s] dissolution”. This remark was apparently premature since Czechoslovak Prime Minister M. Čalfa corrected him, saying that “neither the Czechoslovak government nor any of its members have proposed or will propose the dissolution of CMEA [COMECON]”. In fact, the new Czechoslovak preferred to remain in the COMECON, provided it was fundamentally reformed<sup>35</sup>.

The 45<sup>th</sup> Plenum meeting on January 9–10 was the first opportunity to discuss the radical reform of the COMECON after the change of Eastern European regime. Here, the Prime Ministers of three Central European countries, namely, Czechoslovakia, Hungary, and Poland, voiced their strong desire to restructure the COMECON so as to gain a free hand in their foreign economic policies. Czechoslovak Prime Minister Čalfa stressed his country’s desire to “return” to its “natural and solid position in the world economy, and mainly in Europe”. At the same time, he hoped that a market-based cooperation between the COMECON member-states would allow the transition to a new mechanism of trade “without immense damage”. Therefore, he proposed that the COMECON should become a platform for consultation and possibly also for cooperation in some economic areas<sup>36</sup>.

<sup>33</sup> Konets epokhi... P.91, 103–104.

<sup>34</sup> Ibid. P. 109–112, 115, 121.

<sup>35</sup> Metcalf L. Centripetal and Centrifugal Forces in the CMEA. P. 123.

<sup>36</sup> Vystupleniia uchastnikov 45 zasedaniia Sessii SEV. 9–10.1.1990 // Rossiiskii gosudarstvennyi arkhiv ekonomiki (RGAE). F. 561. Op. 77. D. 666. L. 74–77.

Finance Minister Klaus expounded this Czechoslovak position to Western reporters. "If we are to have Czechoslovakia open to Western Europe and the world, Comecon is not so important", he declared. "It can be an umbrella organization or some partial agreement... it won't be more than that". This statement is striking in the sense that even the new Czechoslovakian government regarded the COMECON as a potentially useful "umbrella organization". A. Barcak, Czechoslovak Foreign Trade Minister, explained the reason: "You don't walk out of the home if you don't have another home to move into... It's not that easy just to walk away"<sup>37</sup>. As the EC was not eager to accept the former socialist countries, the Czechoslovak government regarded a weak and totally reformed COMECON as a potentially useful framework for an interim period.

Hungarian and Polish delegates largely shared this Czechoslovak position. Hungarian Prime Minister M. Németh indicated that the role of the COMECON would be to cultivate "cooperation between countries with different levels of the development of market relations and different level of openness to the world market", while member-states with radical marketization could separately develop "closer cooperation" between them. Polish Prime Minister Mazowiecki also demanded the "quick establishment of the new model of economic cooperation, a system based on the market parameters" and hoped to "follow the world tendency of technical and civilizational progress" as soon as possible. For this purpose, he proposed that the Plenum establish a special working group to draw up plans for rapid marketization of the economic relations<sup>38</sup>. The three Central European countries thus made it clear that they would prioritize the "return to Europe" and tolerate the COMECON as long as it encouraged such a policy goal.

Other three European member-states, namely, Bulgaria, the GDR, and Romania, agreed with the need for market-oriented reforms but preferred a more cautious approach, insisting on partially maintaining the traditional mechanisms of plan coordination. East German Prime Minister Modrow demanded the coordination of national plans should be maintained for another five years. Bulgarian Prime Minister F. Atanasov also requested to preserve some forms of the plan coordination<sup>39</sup>.

Soviet Prime Minister N. Ryzhkov was obviously not prepared for the kind of radical renewal of the COMECON that the Central European countries were demanding. On the contrary, he still hoped to deepen the economic integration within the COMECON. Such a policy was thought to become an important step for realizing Gorbachev's dream of creating pan-European economic integration through the cooperation between the COMECON, EFTA, and the EC. At the same time, Ryzhkov strongly advocated introduction of hard currency payments at the current world price into the mutual trade from 1991 onwards<sup>40</sup>. While such a step would obviously weaken the trade relations within the COMECON, in the face of the mounting economic crisis in the Soviet Union, he had no other choice but to prioritize Soviet domestic interests. As the member-states had very dif-

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<sup>37</sup> Frankel G. Comecon Nations Agree on Market-Based Trade // The Washington Post. 1990. 11 January.

<sup>38</sup> Vystupleniia uchastnikov 45 zasedaniia Sessii SEV. 9–10.1990. L. 22–23, 52–54.

<sup>39</sup> Ibid. L. 33–34, 89–91.

<sup>40</sup> Ibid. L. 65–73; Konzeption für das Auftreten des Leiters der Regierungsdelegation der DDR auf der 45. Tagung des RGW, 9–10.1.1990 // BA-B.DC20/I-3/2890. Bl. 14. See, also: Barabanov M. V. Priblizhaia "postsotsialisticheskuiu" transformatsiiu v stranakh Vostochnoi Evropy: O nekotorykh "istoricheskikh predposylkakh" // Lokus. Vestnik Moskovskogo gosudarstvennogo gumanitarnogo universiteta im. M. A. Sholokhova. Serii: Istorii i politologii. 2015. Vol. 4. P. 46–47.

ferent claims on the substance of the COMECON reform, the Plenum decided to establish a Special Commission that would prepare concrete reform proposals<sup>41</sup>.

In the subsequent months, the East German leadership especially supported the Soviet proposal for forming a “pan-European economic space” through the cooperation between the COMECON and the EC. After the fall of the Berlin Wall in November 1989, the East German government rapidly lost control over the country. As Prime Minister Modrow admitted to Gorbachev on 30 January, in this critical situation, “the growing part of GDR’s population does not support the idea of the existence of the two Germanies”. Much to his detriment, West German Chancellor H. Kohl began to seek ways to realize the German reunification on West German terms. To counteract Kohl’s attempts, Modrow sought to achieve gradual German reunification in tandem with the pan-European cooperation<sup>42</sup>. Such consideration influenced the East German position in the COMECON. In fact, East German Representative to the Special Commission Ch. Luft endorsed the Soviet idea of developing COMECON’s relations with the EC and the EFTA to draw up “perspectives for pan-European economic space”<sup>43</sup>.

However, as expected, the three Central European countries strongly objected to this idea. Polish representative to the Special Commission J. Osiatyński, for example, agreed with the idea of “consequent pursuit of pan-European integration” but stressed that each member-state should act individually and freely for this purpose. If anything, he proposed that member-states should have the right to form free trade zones and other economic groupings not only with other member-states but also with countries outside the organization<sup>44</sup>. Furthermore, the Polish delegation submitted a proposal in which it demanded the establishment of a new organization instead of reforming the COMECON, whose main function should be no more than consultation and exchange of information between the member-states as well as cooperation in such basic economic areas as energy, transport, communications services, and ecology<sup>45</sup>. Czechoslovak representative V. Dlouhý also underlined that “main forms of activity of the Council must become exchange of information and consultation”. Hungarian representative I. Dunai did not concretize his idea but appealed for radical market-oriented reforms<sup>46</sup>.

Contrary to the Central European demands, Bulgaria and Romania repeated their request for partially preserving the existing forms of cooperation. Romanian representative T. Postolake was especially vocal on this point, stressing that the new organization should continue the “hitherto agreed program”<sup>47</sup>. The first meeting of the Special Commission thus could not reach any agreement and merely decided to establish a working group to prepare a draft for the concept of the new system of economic cooperation<sup>48</sup>.

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<sup>41</sup> Protokol 45 zasedaniia Sessii SEV. 9–10.1.1990 // RGAE. F.561. Op. 78. D. 2. L. 2–3.

<sup>42</sup> *Plato A., von.* The End of the Cold War? Bush, Kohl, Gorbachev, and the Reunification of Germany. New York, 2015. P. 165–166.

<sup>43</sup> Stenogramma pervogo zasedaniia spetsial’noi komissii. 11.2.1990 // RGAE. F.561. Op. 77. D. 670. L. 153–154.

<sup>44</sup> *Ibid.* L. 166, 169.

<sup>45</sup> Mnenie Pol’skikh ekspertov otnositel’no osnovnykh printsipov perestroiki sistemy SEV // RGAE. F. 561. Op. 77. D. 670. L. 219–220.

<sup>46</sup> Stenogramma pervogo zasedaniia spetsial’noi komissii. 11.2.1990 // *Ibid.* L. 212, 216–218.

<sup>47</sup> *Ibid.* L. 198, 223.

<sup>48</sup> Pamiatnaia zapiska pervogo zasedaniia spetsial’noi komissii. 11.2.1990 // RGAE. F.561. Op. 77. D. 670. L. 209.

In the midst of the discussions in the COMECON, the Conference on Economic Co-operation in Europe, long awaited by the Soviet Union and Eastern European countries, was held in Bonn in March and April 1990. During the negotiations, the United States proposed ten principles of liberal democracy and free market, which would form the conditions for possible economic assistance<sup>49</sup>. Both the Soviet and Eastern European officials at the conference accepted them. By abiding by these principles, the Soviet delegation hoped to receive economic aid from the West and, at the same time, “not to be excluded from Europe that is increasingly orienting itself towards the EC”. The delegates from Poland, Hungary, and Czechoslovakia, by contrast, distanced themselves from the Soviet delegation and emphasized their “independence”<sup>50</sup>. After three weeks of discussions, all the participants agreed that they would commit themselves to such principles as free elections, multiparty democracy, rule of law, free market economy, and private property<sup>51</sup>. After the Bonn Conference, Soviet Representative to the COMECON S. A. Sitaryan immediately sought to utilize its results in the negotiations about the reform of the COMECON. He apparently hoped that by such measures the COMECON countries would be able to proclaim the organization “an integral part of the pan-European integration process” — a vital point for the Gorbachev’s vision of “pan-European economic space”<sup>52</sup>.

The East German and Hungarian parliamentary elections in March, however, further complicated the Soviet attempt. In East Germany, the Alliance for Germany, a coalition of Christian Democratic Union (CDU) and smaller parties, won almost 50 % of the vote in the March general election. As a result, L. de Maiziere from the CDU formed a new government whose priority would be the German reunification through GDR’s incorporation into the FRG<sup>53</sup>. At the second meeting of the COMECON Special Commission on 20 April, East German representative S. Möke explained that his country would establish an economic union with the FRG and enter the EC<sup>54</sup>. The GDR thus gradually dropped out of the negotiations in the COMECON.

One week after the East German election, the ruling Hungarian Socialist Party also lost the free parliamentary election. Soviet ambassador to Hungary B. I. Stukalin warned Moscow that the new Hungarian government would raise the issue of seceding from the Warsaw Pact. As to the COMECON, Hungary would remain in the organization only if it was transformed into a “purely consultative organization operating on the basis of certain regional common interests and not binding the Hungarian hand in search for ways to join the European integration”<sup>55</sup>.

Stukalin’s warnings proved to be right. In the following months, many Central and Eastern European leaders repeatedly stated their desire to join the EC as soon as possible. In May, Czechoslovak Prime Minister Čalfa expressed his hope of entering the EC by 2000.

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<sup>49</sup> *Hutchings R. L.* American Diplomacy and the End of the Cold War: An Insider’s Account of U. S. Policy in Europe, 1989–1992. Washington, 1997. P. 191–192.

<sup>50</sup> Akten zur Auswärtigen Politik der Bundesrepublik Deutschland 1990. Vol. 1. Berlin, 2021. P. 419–422.

<sup>51</sup> Document of the Bonn Conference on Economic Co-operation in Europe. P. 2–5. URL: <https://www.osce.org/files/f/documents/0/3/14081.pdf> (accessed: 09.12.2021).

<sup>52</sup> Stenogramma vtorogo zasedaniia spetsial’noi komissii. 20.4.1990 // RGAE. F. 561. Op. 77. D. 672. L. 105–107.

<sup>53</sup> *Sarotte M. E.* 1989: The Struggle to Create Post-Cold War Europe. P. 142–143.

<sup>54</sup> Stenogramma vtorogo zasedaniia spetsial’noi komissii. 20.4.1990 // RGAE. F. 561. Op. 77. D. 672. L. 102.

<sup>55</sup> Konets epokhi. P. 596–598.

In the same month, even Bulgarian Foreign Minister B. Dimitrov admitted that joining the EC would be Bulgaria's "only salvation". In July, Hungarian Prime Minister J. Antall also underlined that his country should enter the EC by 1995<sup>56</sup>. East German Prime Minister de Maiziere supported their desires. In his conversation with U. S. President G. W. H. Bush in June, he pointed out that "it is important for Western Europe to open to Eastern Europe at all levels — economically, through the EC, and also building common security structures"<sup>57</sup>. However, to the disappointment of the Eastern Europeans, the EC was not ready to accept their membership in the near future and merely proposed association agreements for closer cooperation<sup>58</sup>.

The issue of Central European accession to the EC cast a complex shadow over the discussions within COMECON. In the spring and summer of 1990, the Special Commission and its working group gathered to prepare two documents, i. e., the "Concept for the new system of the economic cooperation of the COMECON member-states" and the statute of the new organization that would replace the COMECON. As expected, during the discussions, the three Central European countries repeatedly stated that they would accept only a consultative organization with limited capacity that would not hinder their negotiations with the West. At the same time, so long as the EC was not ready to admit their membership, they were not averse to remain in the COMECON or its successor organization. The Soviets, by contrast, wanted a more substantive economic integration based on the principles of the market economy. As a result, the COMECON countries could not agree on the following three points. Firstly, whereas the three Central European countries demanded that the new organization be nothing more than a forum for consultation with some standing commissions, other countries wanted a broader cooperation<sup>59</sup>. Secondly, while the Soviet Union, Bulgaria, Mongolia, and Vietnam demanded that the member-states should not sign treaties with third parties that would contradict their obligations to the COMECON, European countries, except Bulgaria, opposed to such a constraint, apparently hoping to have free rein in their negotiations with the EC and other Western institutions. Thirdly, although the Soviet Union, Bulgaria, Romania, and non-European member-states supported the idea of elaborating on "conditions for... formulation of a free trade zone", Czechoslovakia, Hungary, Poland, and the GDR rejected it outright<sup>60</sup>.

Concerned about the stalemate in the COMECON, Gorbachev insisted on June 7 that the COMECON countries should realize the agreements "about the reform of our economic relations, taking into account new realities, in the context of the turn of our countries to cooperation with all the countries of the world, to the world economy". In his opinion, "without this, integrational processes in Europe will not be successful"<sup>61</sup>. Following his demand, by the end of June, the Soviet delegation virtually accepted the Central European demand of admitting the right of member-states to sign agreements with third party

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<sup>56</sup> Smith K. The Making of EU Foreign Policy. P. 86–88; Metcalf L. Centripetal and Centrifugal Forces in the CMEA. P. 131.

<sup>57</sup> Memcon of meeting with Prime Minister Lothar de Maiziere, 11.6.1990 // George H. W. Bush Presidential Library and Museum. P. 2. URL: [https://bush41library.tamu.edu/files/memcons-telcons/1990-06-11--de%20Maiziere%20\[1\].pdf](https://bush41library.tamu.edu/files/memcons-telcons/1990-06-11--de%20Maiziere%20[1].pdf) (accessed: 09.12.2021).

<sup>58</sup> Smith K. The Making of EU Foreign Policy. P. 90–93.

<sup>59</sup> Ustav soveta ekonomicheskogo sotrudnichestva // RGAE. F. 561. Op. 77. D. 672. L. 189–190.

<sup>60</sup> Kontseptiia novoi sistemy ekonomicheskogo sotrudnichestva stran-chlenov SEV. 4. 1990 // Ibid. L. 62, 72.

<sup>61</sup> Konets epokhi. P. 172.

countries and institutions that would contradict obligations to the new organization<sup>62</sup>. As the Soviets continued to make further concessions, by the time of the fourth Special Commission at the beginning of January 1991, only one problem remained unresolved: whether the new organization, or the Organization for International Economic Cooperation (OIEC), would admit a special treatment for the non-European member-states<sup>63</sup>. The Soviet delegation, hoping to preserve at least a minimal framework for future cooperation, grudgingly accepted the bulk of the Central European demands<sup>64</sup>.

At the same time, it deserves to be mentioned that the three Central European countries deemed the foundation of a successor organization of the COMECON preferable even at the beginning of 1991. After the 134<sup>th</sup> COMECON Executive Committee on January 4–5, 1991, in which all the member-states agreed with the draft statute of the OIEC, except for the question of the non-European member-states, Hungarian Minister of International Economic Relations B. Kadar expressed his hope that the OIEC would “establish possibilities for solving such common regional problems that exist, for example, in the sphere of infrastructure, in the sphere of conservation of the environment, transport, freight, and energy management”<sup>65</sup>. Clearly, Central and Eastern European countries economically needed such a regional cooperation, especially with the Soviet Union, since their economies were dependent on the trade with it. For example, when the Soviet Union decided to cut down on its oil export to the Eastern European countries by 30 percent in July 1990, this caused a tremendous damage to the transitional economies of the region. For many Eastern European companies, the Soviet market remained important and lucrative<sup>66</sup>.

The Central European delegates for the Special Commission thus agreed to continue negotiations on the last major point of controversy: the special treatment for the non-European member-states. Traditionally, the non-European member-states could export their commodities at preferential prices above that of the world market in the COMECON<sup>67</sup>. These three countries naturally insisted that the OIEC should take their “special situation” into consideration<sup>68</sup>. As other major issues were settled by January 1991, the Soviet and Eastern European delegates requested that the three countries should make a compromise on this point. At the 134<sup>th</sup> COMECON Executive Committee, faced with the mounting pressure from other member-states, Mongolia and Vietnam gave way<sup>69</sup>. Although the Cuban delegation refused to abandon its demand, even it succumbed to pressures by the beginning of February. Accordingly, all the member-states agreed to sign the statute of the OIEC at the next COMECON Plenum, scheduled to be held on 27 and 28 February at Budapest<sup>70</sup>. After difficult negotiations, the Soviet specialists seemingly succeeded in pre-

<sup>62</sup> Ustav soveta ekonomicheskogo sotrudnichestva // RGAE. F. 561. Op. 77. D. 723. L. 27.

<sup>63</sup> Stenogramma chetvertogo zasedaniia spetsial'noi komissii. 3. 1. 1991 // Ibid. D. 733. L. 4–5.

<sup>64</sup> Proekt Ustava Organizatsii Mezhdunarodnogo ekonomicheskogo sotrudnichestva // Ibid. D. 721. L. 32–41.

<sup>65</sup> Rabochaia zapis' press-konferentsii po rezul'tatam raboty 134 zasedaniia Ispolnityel'nogo Komiteta. 5.1.1991 // Ibid. D. 728. L. 89.

<sup>66</sup> Metcalf L. Centripetal and Centrifugal Forces in the CMEA. P. 129, 133–135.

<sup>67</sup> Bravant J., van. Remaking Eastern Europe. P. 23.

<sup>68</sup> Proekt Ustava mezhravitel'stvennoi organizatsii mnogostoronnego ekonomicheskogo sotrudnichestva // RGAE. F. 561. Op. 77. D. 674. L. 187.

<sup>69</sup> Stenogramma 134 zasedaniia Ispolnityel'nogo Komiteta SEV. 4. 1. 1991 // Ibid. D. 732. L. 56–59.

<sup>70</sup> Proekt Ustava Organizatsii mezhdunarodnogo ekonomicheskogo sotrudnichestva // Ibid. D. 715. L. 94–95; Proekt Kommuniike o 46 (zakliuchitel'nom) zasedanii Sessii SEV // Ibid. L. 92.

-serving a minimal framework for future economic cooperation with the former socialist countries.

## The Disintegration of the COMECON

However, to the dismay of the Soviet leadership, in the last minutes, the Central European countries withdrew their consent and demanded the swift dissolution of the COMECON. Here, the collapse of the Soviet-Eastern European trade apparently played a certain role. The Soviet leadership acutely realized the importance of trade for maintaining economic cooperation with the Eastern European countries. For example, in a memorandum in the second half of January 1991, V. M. Falin, head of the International Department of the Central Committee of the CPSU, pointed out that “the problem of the export of energy to Eastern Europe must be regarded as the most important instrument for our general strategy in the region”. The Secretariat immediately agreed with him<sup>71</sup>. However, after the adoption of payments in hard currency between the member-states in January 1991, the trade volume between the Soviet Union and Eastern Europe decreased from 77,5 billion rubles in 1990 to 31,4 billion rubles in 1991. Poland, whose trade with the Soviet Union fell by 63,8%<sup>72</sup>, was especially hard hit. In the first quarter of 1991, its export to the Soviet Union declined by 80% compared to the previous year. As D. Ledworowski, Minister for Economic Cooperation, admitted, Polish economy was “in a catastrophic situation”<sup>73</sup>.

As the regional trade collapsed rapidly, the Central European countries' interest in the COMECON diminished. The Soviet use of forces in the Baltic republics in January further eroded their interest in the cooperation with the Soviet Union<sup>74</sup>. As a result, on 15 February, Presidents and Prime Ministers of Czechoslovakia, Hungary, and Poland gathered in Visegrád to consult on the cooperation between themselves as well as on the future of the Warsaw Pact and the COMECON. Although the details of the meeting were not disclosed, they apparently agreed to disband the Warsaw Pact and the COMECON<sup>75</sup>. On the basis of this trilateral agreement, five days before the opening of the 46<sup>th</sup> COMECON Plenum meeting, the Hungarian government sent a letter to the Secretariat of the COMECON, which stated that some member-states expressed “doubts about the range of member-states of the new organization for international economic cooperation, and also [about] the objective of this organization”<sup>76</sup>. In other words, the three Central European countries jointly declared that they would not accept the OIEC if the non-European states took part in it. Faced with the Central European demand, the Soviet leadership had no

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<sup>71</sup> Konets epokhi. P. 228–229, 233.

<sup>72</sup> Pichugin B. M. Economic Crisis: Eastern Europe and the Former Soviet Union // Security Dialogue. 1992. Vol. 23, issue 4. P. 105.

<sup>73</sup> Engelberg S. Eastern Europe's Hardships Grow as Trade with Soviets Dries up // The New York Times. 6.05.1991.

<sup>74</sup> Bergman U. “Is This the End of Perestroika?” International Reactions to the Soviet Use of Force in the Baltic Republics in January 1991 // Journal of Cold War Studies. 2020. Vol. 22, issue 2. P. 43–46.

<sup>75</sup> Dunay P. Subregional Co-operation in East-Central Europe: The Visegrad Group and the Central European Free Trade Agreement // Österreichische Zeitschrift für Politikwissenschaft. 2003. Vol. 32, issue 1. P. 46–47; Danielova T. A. Voenno-politicheskie aspekty strategii SShA v otnoshenii stran Vyshegradskoi gruppy (1991–2008 gg.) // Vestnik RGGU. Seriya: Politologiya. Istorii. Mezhdunarodnye otnosheniia. 2009. Vol. 1. P. 79–80.

<sup>76</sup> Pis'mo ot Deme k Sychovu. 22.2.1991 // RGAE. F. 561. Op. 77. D. 715. L. 155, 157.

other way but to postpone the Plenum meeting, which it had desired so much to convene<sup>77</sup>.

In the following months, the representatives of the member-states gathered several times to discuss the future of the COMECON. At a meeting of the representatives of the member-states on 14–15 March 1991, Polish representative Ledworowski demanded liquidation of the COMECON first and then continuation of the talk about the possible form of multilateral *European* cooperation. Czechoslovak and Hungarian representatives strongly supported Ledworowski<sup>78</sup>. Romania also endorsed the idea of liquidating the COMECON but insisted that consultation on the new organization should begin immediately since it would still need economic cooperation with other COMECON member-states<sup>79</sup>.

In the face of the mounting pressure from the European countries, Soviet representative Sitaryan admitted that “to enter into the European Community immediately” would be “an alternative”. However, as he pointed out, “these gates are not so open, and, presumably, the way there is not easy and still long”. He thus stressed that it would be useful to have an economic organization to realize the “pan-European space”<sup>80</sup>. At the same time, behind the scenes, he asked the non-European countries not to join the OIEC so as to gain the consent of Central European countries to the organization. “I conducted”, he later recalled, “negotiations with these three countries, and... succeeded in persuading them that they would voluntarily secede from the COMECON”. As Poland, Hungary, and Czechoslovakia welcomed this Soviet decision, he thought that “a certain hope appeared that the COMECON would be preserved”<sup>81</sup>. However, such a concession was already too late after the Visegrád agreement. In the end, he had no choice but to accept the Central European demands. At the 46<sup>th</sup> Plenum on 28 June 1991, the member-states officially agreed to liquidate the COMECON without any successor organization<sup>82</sup>.

## Conclusion

In the second half of 1980s, Gorbachev tried to found a “unified market” of the COMECON by reforming the mechanism of the economic cooperation in the COMECON. While the two reform-oriented countries, namely, Hungary and Poland, welcomed the Soviet proposal, the conservative East German as well as Romanian leaders stubbornly rejected any attempt at reforms. As the negotiations within the COMECON reached a stalemate, the frustrated Hungarian leadership gradually moved away from the organization, hoping to intensify relations with the EC.

The events of 1989 fundamentally changed the premise of the negotiations in the COMECON. Now, to cope with the rapidly disintegrating bloc cohesion, the Soviet leadership pushed for the utopian idea of the “Common European Home” and proposed to gradually integrate the COMECON and the EC as well as the Warsaw Pact and the NATO into a pan-European framework. To achieve this goal, the Soviets tried to accelerate the

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<sup>77</sup> Pis'mo ot Sitaryana k Sychovu // Ibid. L. 168–169.

<sup>78</sup> Stenogramma vstrechi postoiannykh predstavitelei stran v SEV. 14–15.3.1991 // RGAE. F. 561. Op. 77. D. 731. L. 72–73, 79–83, 96–102.

<sup>79</sup> Ibid. L. 86–89, 94.

<sup>80</sup> Ibid. L. 109–112.

<sup>81</sup> Sitaryan S. A. O prichinakh raspada SEV // K 60-letiiu Soveta ekonomicheskoi vzaimopomoshchi. Edinaia Evropa: proshloe i nastoiashchee ekonomicheskoi integratsii. Moscow, 2009. C. 72–73.

<sup>82</sup> Protokol 46 zasedaniia SEV. 28.6.1991 // RGAE. F. 561. Op. 78. D. 3. L. 1–2.

realization of the “unified market” of the COMECON, which then would be connected to the Western European Common Market. However, the three Central European countries rejected such an idea, preferring to achieve pan-European cooperation through their individual entry into the EC. At the same time, as the EC did not accept their accession, they did not oppose the idea of establishing a consultative forum as a successor of the COMECON. Accordingly, all the member-states provisionally agreed to establish a successor organization, or the OIEC, by the beginning of 1991.

However, the rapid decline of trade with the Soviet Union in 1991 further reduced the Central European countries’ desire to co-establish the OIEC. The January events in Lithuania also negatively affected their attitudes toward the Soviet Union. After the tripartite Visegrád summit meeting on February 15, they chose to work together to achieve early membership in the EC and jointly rejected the OIEC. This decision finally put an end to the COMECON.

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Статья поступила в редакцию 28 июня 2021 г.

Рекомендована к печати 14 марта 2022 г.

Received: June 28, 2021

Accepted: March 14, 2022