

Looting the East European colonies for the Russian imperial war effort

by Konstantin George

No comprehensive understanding is possible of how the Soviet Union's economy ticks, let alone of the current "surge phase" of the war economy mobilization, without examining the dynamics of Russia's colonialist looting of its Eastern European satrapies. The Soviet Union is an imperialist power; it has colonies, known politely as the "fraternal countries" of the Comecon, and to describe its posture towards them as rape would hardly be an exaggeration.

The prime function of the economies of the "captive nations" of Eastern Europe is the compulsory export to Russia—on Russia's terms regarding quantity, quality, and delivery dates—of tens of billions of rubles of critical goods, machinery, machine tools, and transport equipment, all underpriced through rigged Soviet pricing policies and a ruble overvalued in relation to the Eastern European currencies. Without this systematic looting, not only would the depth and scope of the Russian war economy hardly be imaginable, but, even more emphatically, the fouled-up Soviet civilian economy would be in far worse shape than it is now.

The satellites, in particular East Germany, Czechoslovakia, and Finland (Finland has annual consultations and extensive agreements with the Council for Mutual Economic Assistance—CMEA or Comecon—and, since it has no choice but to comply with Soviet demands for goods exports and "cooperation" in "joint projects," must be included in the rigorous definition of "colony") are Russia's milk cows supplying industrial goods crucial for the Russian war buildup.

A case in point is ship construction. In the past 20 years the Soviet Union has built up a first-class navy and become the world's number-one merchant shipping power. Without the shipyards of East Germany, Poland, and Finland, this dual feat would have been impossible. Russia can build the atomic submarines, helicopter carriers, guided-missile cruisers, and destroyers for its four fleets, but not without captive shipyards producing the scores of new ocean-going vessels required each year.

In 1983 alone, of 67 major ocean-going ships produced in East German shipyards, 54 were delivered to the Soviet Union. Scores of ocean-going ships were delivered to Russia by Polish and Finnish yards. Project this back over 20 years, with a minimal annual average of 40 East German-built ships delivered, and with similar calculations regarding Poland and Finland: 2,300 major ocean-going ships entered the Russian

merchant fleet courtesy of the captive shipyards. Government and industry sources in Poland and East Germany report that they are compelled by Moscow to use scarce foreign exchange to purchase Western navigation and other specialized equipment to equip the ships. There is no Russian compensation for these hard-currency expenditures.

These numbers only begin to tell the story. Finnish yards produce a high percentage of specialized modern ships which enter the Soviet merchant fleet, such as container ships, RoRo (roll on-roll off) cargo ships, icebreakers, and a fleet of heavy-duty modified ice-breaker transports for use in the Arctic Ocean-Barents Sea and the Sakhalin-Kamchatka-Bering Sea region in the Pacific. The Polish shipyards in Szczecin and Gdansk are currently producing on a priority basis 33 large tugs (nine already delivered) to tow rigs and platforms into place in the Soviet offshore oil-drilling program. The dredges, which maintain Soviet harbors in operation and keep the required water depths for navigation in the Soviet Union's extensive inland waterway system of rivers, lakes and canals, are produced in East Germany.

Twenty years of looting

The Soviet military build-up since the 1962 Cuban Missile Crisis has been accomplished by notable increases in the rate of looting in each subsequent Comecon Five-Year Plan. This point was illustrated in grisly fashion in December 1965, when the East German delegation returned from Moscow after signing the trade protocol for 1966-70, with a whopping increase in mandated deliveries to the Soviet Union. The East German Planning Commission head, Eric Apel, went straight to his office, put a pistol to his head, and terminated his services to the "first Workers' and Peasants' State on German soil."

The Comecon "integration" process has gone through three principal turns of the screw: 1976-80, 1981-85, and the shift to a war economy underway today. The figures comparing 1976-80 with 1981-85 are quite telling. From 1976 to 1980 the total flow of goods classified as "machinery, equipment, and transportation" (especially ships and railroad cars) exported from Eastern Europe (not counting Finland) to the Soviet Union was valued at 40 billion rubles. Soviet exports of goods in the same categories to Eastern Europe were valued at 24 billion rubles for the same period. For 1981-85, the

original plan for East European exports of these goods categories to the Soviet Union was set at 60 billion rubles—a 50% increase over the preceding five years. Actual rates of deliveries were higher, and the rates continue to climb. The planned Soviet deliveries to Eastern Europe of these categories for 1981-85 were set at no more than 24 billion rubles—no increase at all.

We will now zero in on East Germany (G.D.R.) Czechoslovakia (C.S.S.R.), the number-one and number-two trading partners of the Soviet Union, with whom the Soviet Union conducts 20% of its trade (11% and 9% respectively). Soviet-G.D.R. trade from 1976 to 1980 totaled 37.7 billion rubles; the 1981-85 Plan was for 59.8 billion rubles, already a dramatic increase, and the actual 1981-85 totals will minimally reach 65 billion rubles. Soviet-Czech trade for 1976-80 was 29.5 billion rubles; the planned total for 1981-85 was 41.4 billion rubles, and the actual total will reach no less than 53 billion rubles for the five years. Already in 1983, over 35% of total Czech and East German trade was with the Soviet Union.

With the transition to military junta rule in the U.S.S.R. in the last years of the Brezhnev and Andropov regimes, Soviet intra-Comecon trade reached percentages not seen since the Stalin period. In 1981 the Soviet Union conducted 52.8% of its trade within the Comecon (including Finland). In 1982, the figure was 55%, and in that year a goal of 58% was set for 1985. That 58% share has since been set in 1983 as the goal for 1984, and now that target has been thrown overboard for even more ruthless “integration.”

Even tighter ‘integration’

With Andropov not yet officially dead and the military junta ensconced in power, in the immediate aftermath of the Dec. 26, 1983 Central Committee plenum which officially heralded the “patriotic duty . . . of greater labor discipline,” Radio Moscow of Dec. 29 announced the decisions of the plenum for the Eastern European colonies: “Trade between the CMEA countries will grow by almost 19% in 1984 and the CMEA share of U.S.S.R. trade will reach 61% [the earlier 58% projection is dead and buried], versus 53.7% in 1980, testimony to deepening socialist economic integration.” In case anyone in Eastern Europe missed the point, Radio Moscow added: “The Central Committee Plenum was a vivid expression of our party’s course for attaining a qualitatively new level of economic integration [in the Comecon]. . . . Comrade Andropov said one cannot imagine life [a bit of black humor by the military?—KG] of the Socialist Community without it. . . . In the long term, integration will become even deeper, all-embracing, and effective.”

Radio Moscow carried the news of the new trade protocols signed with Czechoslovakia and East Germany, reporting that in 1984 U.S.S.R.-Czech trade will grow by 12% and total more than 12 billion rubles, and trade with East Germany will “significantly increase to well over 14 billion ru-

bles in 1984.” Concerning East German exports to the Soviet Union:

The *proportion* of the following will increase: machine tools, presses, forging equipment, electrical-controlled metalworking lines and tools, plus electrical and industrial chemical goods.

The German Democratic Republic [G.D.R.] supply: complete rolling mill plants, equipment for production of cable and stranding machines, equipment for crude petroleum reclamation and processing, cranes, open-pit mining equipment, excavators, road construction machinery, equipment for the construction of industry, for the printing industry, ships, textile machinery, agriculture machinery, and railroad cars. Also air conditioning and refrigeration equipment, pumps and compressors, machinery for the food industry and the chemical and light industry.

The following percentage figures tell the story of the G.D.R. economy in a nutshell. In 1983, 80% of the ocean-going ships produced were exported to the U.S.S.R., 60% of all waterborne craft, 80% of all railway cars, 40% of all machine tools, 40% of all forges and presses, 60% of refrigerated trucks and railway cars, and 70% of all telephone switchboard equipment.

Since the Central Committee plenum, the Soviet marching orders have begun to be implemented: East Germany has commenced a speed-up in the machine tool sector, with a workforce of 80,000 divided into four giant machine-tool-producing facilities (*Kombinat*) in Berlin, Karl-Marx Stadt, Erfurt, and Schmalkalden. The Erfurt *Kombinat*, on short notice, just announced that it will “voluntarily” advance by six months the 1984-85 delivery dates for three huge forging presses for the Soviet vehicle industry. The machine tool industry as a whole has just pledged “four extra days worth of production” above the 1984 norms.

Soviet conditionalities

Trade with the Soviets on their terms, however, is only part of the way the East European satrapies are exploited. All are hostage to Soviet deliveries of critical raw materials, which are supplied on the basis of conditionalities very similar to the International Monetary Fund’s colonialist doctrines towards the developing sector. Soviet deliveries of raw materials required by the East European countries are supplied not only in return for a massive flow of industrial goods, but on condition that the East European countries supply money, labor and equipment to “jointly” build with Russia the great majority of the huge Soviet raw material development projects, raw material processing plants (e.g., ore concentrating and pelletizing and pulp and paper plants) and infrastructure projects (oil and gas pipelines, roads, railways, and port facilities).

Imagine if the United States in its relation with Mexico, as a condition for food exports, were to demand supply of

labor, money, and equipment to "jointly" build with the United States the grain storage facilities, port facilities, railways, and roads that would service the U.S.-Mexican trade. This is what the Soviets have been demanding, in increasing amounts with each successive Five Year Plan, of their East European colonies.

The three paradigm cases for these policies are energy, raw materials, and transportation. Let's start with energy. In 1982, in a typical "fraternal agreement," the East Germans, in return for receiving "additional amounts of natural gas" (barely enough to meet requirements), agreed to provide the funds, labor, and machinery to construct 500 kilometers of the Soviet-European gas pipeline within the Soviet Union and seven of the compressor stations. Similar arrangements were concluded with the other satellites, while the Czechs were made to foot the bill for the entirety of the pipeline in their territory (the trunk line traverses Czechoslovakia before entering West Germany and Austria). From the standpoint of Soviet long-term strategic planning, it should be noted that all of the three major gas pipelines built from 1967 to the present traverse only the territory of the Soviet Union and Czechoslovakia before entering Western Europe.

Compulsory Czech exports of wide-diameter seamless steel pipe to the Soviet Union are also crucial for Russia. (Czechoslovakia ranks number two in pipe exports to the Soviet Union, after the Mannesmann firm of West Germany, which has exported well over eight million tons of such pipe to the U.S.S.R. in the past ten years.) The steel pipe plant at Chmutov alone has exported two million tons of wide-diameter pipe to the Soviets in the past ten years, plus an additional one million tons of smaller-diameter pipe. Another steel plant at Kosice in Slovakia, some 50 kilometers from the Soviet frontier, exports its production to Russia via a Russian broad-gauge railway especially extended into Czech territory for that purpose.

Soviet policy is to simultaneously maximize the satellites' dependency on Russia for raw materials for their industries, and to maximize the flow of oil and gas from Russia to Western Europe, increasing Western Europe's dependency. To facilitate this dual objective, the Soviets have promoted a nuclear energy program in their three most tightly controlled satellites, the G.D.R., Czechoslovakia, and Bulgaria, while the cornerstone of the East European energy program remains coal-fired thermal power plants, using poor quality domestic coal resources as much as possible. Thus the main expansion of power plants in the G.D.R., Poland, and Romania has been based on domestic lignite.

The other facet of the program has been the construction of a string of Soviet power plants, mostly coal-fired and some nuclear, in the Western Ukraine (the largest one at Khmel'nitskii will be completed next month), with high voltage power lines extending hundreds of kilometers into eastern regions of Poland, Czechoslovakia, and Hungary, bringing these territories more directly into the Soviet electricity grid. The same will be true for Bulgaria.

These giant power plants and power lines are built as "joint" projects between Eastern Europe and the Soviet Union. The power plants are fired in part by good quality Polish bituminous coal, millions of tons of which are now shipped to the Soviet Union annually under a Soviet-dictated priority railway project shoved down Poland's throat in the early 1980s. (The Polish coal mines, like all the key enterprises in the country, are under military control.) The Soviets built a nearly 400-kilometer-long broad-gauge railway through Polish territory to the mining and steel center of Katowice in Silesia, thus not only making all the iron ore flow and the bulk of the coal flow to and from the "Polish Ruhr" dependent upon the Russian railway system, but also commencing Polish dependency on Soviet ports for Polish exports to third countries.

The statement of the Soviet foreign trade ministry on the scope and political significance of the project speaks for itself:

The length of the stretch on Polish territory is 397 kilometers. It's the biggest transportation project undertaken in Poland in the entire postwar history. Forty-four railway bridges were built, including large bridges over the rivers San, Vistula, Nida. . . . This stretch is of many-sided significance. Its main aim consists in securing the rhythmical direct transport of Soviet iron ore for the Polish steel industry, and in the other direction of Polish sulfur from Tarnobrzeg and coal from Silesia to the Soviet Union . . . and for enabling the foreign trade of Poland to also be conducted through the Soviet Union [through Soviet ports].

Two of the biggest problems confounding the Soviet railway system are the overriding need to reduce the ton-mileage devoted to coal-hauling, and the shortage of functioning locomotives at any one time, especially for the long-haul routes. The East German newspaper *Neues Deutschland* this month reported on Soviet announcements that two-kilometer-long freight trains hauling coal from the Kazakhstan fields to the power plants in the Urals have been instituted as the norm, and three-kilometer coal trains have been begun on the Baikal-Amur (BAM) railway, in the Soviet Far East. Extensive reports were published in the *Kazakhstan Pravda* in 1981, decrying the idling of thousands of coal cars because of a lack of serviceable long-haul locomotives.

The two mammoth iron-ore mining, concentration, and pelletizing projects underway, mostly at East European and Finnish expense, are at Krivoi Rog in the Ukraine and at Kostomuksha in Karelia, 30 kilometers from the Finnish border. Kostomuksha, now operational and handling 16 million tons of iron ore per year, was built by 10,000 Finnish industrial and construction workers. The project also entailed massive modernization and expansion of rail and road facilities in the Karelian corridor between Leningrad and the Finnish frontier, projects with definite military implications.

The Comecon is now in the midst of the 1981-85 program

for repairing, modernizing, and reconstructing 19,000 kilometers of track which "service the overwhelming portion of freight transport between the CMEA countries," and the program is, as the Soviet Foreign Ministry so politely phrased it, "at joint expense." Of the 19,000 kilometers, 2,000 are being double-tracked, 7,000 are being equipped with automatic switching and track control, 6,000 are being electrified, and 9,000 being reconstructed.

Of the 18 major rail lines involved, 14 are east-west truck lines and all have primary military significance, for obvious reasons. The east-west lines being rebuilt and reequipped include 1) the line from Kiev through the Western Ukraine, Southern Poland (south of Warsaw and Lodz) and crossing into East Germany between Forst and Falkenberg, 2) the line from the iron ore center at Krivoi Rog in the Ukraine through Lvov to the Hungarian capital of Budapest, and 3) the line from Krivoi Rog to Prague.

The massive rail program is paralleled by a military priority Comecon highway program, also being built at predominantly East European expense, according to Soviet specifications.

The following item appeared in *Neues Deutschland* Dec. 19, 1983: "Bratislava, C.S.S.R.: The first phase of a new two-deck combined rail and highway bridge over the Danube, is 24 months ahead of schedule. One rail track and two highway lanes on the bridge, 460 meters long, are now open to traffic. . . the bridge is part of the CMEA's 'Trans-European Transport System.' [emphasis added]"

Nothing in the East bloc gets built 24 months ahead of schedule unless it has top military priority, and that's obviously the case concerning both this particular bridge and the "Trans-European Transport System" of which it is a part. To quote the Soviet foreign trade minister concerning this program:

The program consists of four new main highways with a total length of about 9,000 kilometers: Berlin-Warsaw-Moscow, with a length of 2,000 kilometers; Rostock-Berlin-Prague-Budapest-Bucharest-Constanta, with a length of more than 2,000 kilometers; Danzig-Warsaw-Katowice-Bratislava-Budapest-Timisoara-Turnu-Severin-Craiova-Calafat-Widin-Boevgrad-Sofia, a length of 2,500 kilometers; and Moscow-Kiev-Kishinev-Bucharest-Sofia, a length of 2,500 kilometers.

In cooperation in activities of this kind, it is the norm that the reconstruction of roads and the accompanying installations, that each country meets the entire cost and labor at its own expense for the stretch of road to be built on its territory. At the same time, however, questions such as the category of road and the schedule of construction are to be centrally decided [by the Russians]. Thus, uniform highways will be built, based on a unified technology.

Such is the colonial policy of the modern-day Sparta.

Military scales down

by Clifford Gaddy

Although the Soviet Union built the world's first nuclear power plant (1954), and especially during the 1970s talked a lot about an ambitious program of nuclear-generated electricity, that program never really got off the ground. The marshals, it seems, were never really persuaded of the merits of the "peaceful atom." Requiring a centralized energy grid and major investments in large units, the nuclear program ran counter to the military's preferred scheme of a network of small, decentralized energy plants; for that reason the marshals opposed the nuclear energy option from the beginning.

The Soviet energy sector is a case study corroborating the thesis of the Soviet General Staff that when the interests of the military collide with those of the civilian economy, it is the military considerations that take precedence even if that means an economic loss.

In 1970 the official plans for the domestic nuclear power program of the Soviet Union called for an installed capacity of over 50 gigawatts by 1985 (1 GW is roughly the capacity of a single large modern nuclear plant). Right now, it looks like the Soviets will be lucky to reach 25 GW by that date.

This record of only 50% fulfillment of the original plan is one of the worst in the Soviet economy, and cannot be dismissed as just another manifestation of poor Soviet economic performance. The foot-dragging and obstruction in an area which leading economic planners and politicians had defined as a national priority can only be due to the persistent opposition of the military leadership of the country.

The Soviets have known all along that nuclear-generated electricity is far and away the most advantageous form of energy for an economy, the one that best promotes technological and economic growth. The nuclear course not only made economic sense, but it had ideological legitimacy as well: It was, after all, Lenin who had defined communism as "Soviet power plus electrification of the entire country."

Nevertheless, the Soviets' effort to apply the most modern technology to that task of electrification was pitiful. From the construction of the first station in 1954 until 1970, the Russians had managed to install less than 1 GW of nuclear capacity. (The U.S.A. by that time had 6.5 GW.) By 1975 the Soviet figure had crept up to only 4.7 GW, compared to a U.S. increase to 39.8 GW. As bad as this was, though, there were signs that the advocates of the peaceful use of atomic power might be gaining the upper hand. Officially,