

Sweden and the 'Finlandization' of the Baltic republics

by Göran Haglund and Ulf Sandmark

While the confrontation between Moscow and the three Baltic republics of Estonia, Latvia, and Lithuania, is coming to a dangerous head, the Swedish foreign-policy establishment exhibits an ill-disguised euphoria over Soviet leader Mikhail Gorbachov Baltic experiment in social control.

To the Swedish foreign ministry and assorted auxiliary foreign-policy analysts, Moscow's creation of mass-based "Popular Fronts," to coopt and redirect the justified nationalist ferment building among the captive Baltic peoples, represents but another chance to try to prove themselves useful to the Kremlin, and at the same time to boost their own role as mediators between East and West.

Although the "Popular Fronts" in the three Baltic republics were officially formed as a result of a series of mass rallies and demonstrations during the summer and fall of this year, their coming into being has been sponsored by Moscow since at least March, explicitly as support organizations for implementing the *perestroika* policy of Gorbachov and the Soviet Communist Party. Swedish eagerness to join the bandwagon is shown by several recent events in which Swedish representatives went out of their way to smooth relations with Moscow and prove their trustworthiness in dealing with the Baltic countries:

1) The rush to strike a deal regarding the unsettled border dispute over the waters between Sweden and the Soviet Baltic coast. The disputed area, called "the White Zone," is situated in the Baltic Sea between Estonia and the large Swedish island of Gotland. By dealing with Moscow on the matter, Sweden confirmed that it accepts the Soviet occupation of the Baltic states; the deal meant that the Russians got "only" one-quarter of the disputed area, which, according to international law, was entirely Swedish. After signing an agreement in principle in January of this year in Stockholm, during the visit of Soviet Prime Minister Nilolai Ryzhkov, a final agreement was signed in April by Swedish Foreign Minister Sten Andersson during his visit to Moscow.

2) The Swedish consul general in Leningrad, Tomas Bertelman, this fall paid a visit to the Baltic republics. This was the highest-level Western official to visit those republics since World War II. Sweden has announced its intention to open consular representation in the Baltic republics, maybe in all three capitals, Tallinn, Riga, and Vilnius. Foreign Minister Andersson is now preparing another visit to the Soviet Union next year, and reportedly wants also to visit the Baltic republics.

That would be the first time a member of a Western cabinet visited any of the Baltic republics since World War II.

3) The first Swedish joint venture with Estonia was signed in October. A municipally owned Swedish computer company, Kommundata, made a deal with the city of Tallinn to form KomEst, a company with 51% ownership by Tallinn, which will run the information system of the city administration. The export manager of Kommundata said: "If the cooperation succeeds, the idea can spread to other regions of Estonia. After that the whole Soviet market is open to us, an enormous export potential." One and a half years ago, under the *perestroika* policy, the Finnish-Soviet border trade administration, Lenfintorg, which also administered the Swedish-Soviet border trade, was in part decentralized from Leningrad to the Baltic republics. New administrations, called Estimex, Litimex, and Interlatvia, were established to handle the relevant trade. These work independently, but do only barter deals.

4) One Swedish city, Norrköping, signed a deal in mid-November with Riga, Latvia, for developing trade, and establishing a ferry line called Baltic Link. There will also be a Swedish trade fair in Riga next year.

5) Three Swedish economists, Rudolf Jalakas of Svenska Handelsbanken, Ilmar Roostal and Toomas Kabin of the Swedish Export Council, all three of Estonian extraction, visited Estonia early in November to discuss market economy and management.

6) A Swedish delegation from Rotary, besides visiting Moscow, also traveled to Estonia.

The Estonian reforms

The Estonian reforms, like the movement backing them, are a mixed bag of truly patriotic demands for political independence and a local variation of the *glasnost* policy inspired by Gorbachov and the Communist Party. As advocated by the Estonian Popular Front (EPF), the economic reforms were proposed by a group which began to work a year and a half ago. Their proposal was first presented in September 1987, but was rejected. Since then, there have been personnel changes in the Estonian leadership, and at the 300,000-people EPF rally Sept. 11, the proposals were accepted.

Tiit Made, a leader of the "brain trust of economists and politicians in Tallinn," which is credited with having devel-

oped the proposals for Estonian economic reform, visited Stockholm Oct. 28 and was interviewed in the leading daily *Svenska Dagbladet*.

A member of both the Communist Party, the EPF, and the ecology movement, Made said, "The plan is to totally restructure the Estonian economy. Today it is more than 90% governed by Moscow. . . . We must introduce a new pricing system and shut down a big part of the heavy industry which is totally dependent on Moscow for raw materials, capital, and the work force."

Svenska Dagbladet wrote: "The Estonian economists now speak quite seriously about an Estonian currency and an Estonian central bank. In so-called joint ventures, capital and businessmen from the West are to be encouraged to invest in Estonia, which has cheap labor, an industrial tradition of its own and a developed infrastructure. In the future, they think about Estonia as an economic free zone, similar to the Chinese enclaves."

Economist Made said: "Gorbachov wants us to start the Estonian economic independence program earlier than we ourselves think that we can do it. He wants us to become a buffer zone between East and West." *Svenska Dagbladet* added, "According to Made, the group around Gorbachov wants the Estonians to get going with a program for economic independence already beginning Jan. 1," but Made's group instead has "a plan to begin Jan. 1, 1990."

Asked whether it is possible for Estonia to gain its freedom, Made replied, "Nothing in the world is forever. Gorbachov trusts us and I trust him. He has said that we have two, three years to do it, and we will take one step at a time. . . . Now we are satisfied with *glasnost*, but there is no *perestroika*. Instead there is a deep economic depression. If Moscow wants to change something in the economy, very radical reforms are necessary and therefore I am very confident."

Another leader of the EPF, Lennart Meri, told *Svenska Dagbladet* Nov. 1, that working for Estonian freedom "can be realistic in the sense that, as I believe, the Soviet Union needs a place for experiments where we can make economic and political tests to get higher efficiency."

The Swedish view

In a prominent op-ed published Nov. 13 in *Svenska Dagbladet*, retired ambassador Sverker Åström, a former under-secretary of foreign affairs and the grey eminence of Swedish foreign policy, elaborated his views of the "dramatic developments in the Baltic states." Praising *glasnost* as the policy which has made possible "the peaceful, gradual revolution which is now occurring in the Baltic," Åström noted, "Sweden is, along with Finland, the next-door neighbor of the Baltic countries. The cultural and historical ties are strong. It is self-evident that we Swedes are following the struggle of the Balts intensely and with the profoundest sympathy."

"In a longer perspective, in the Baltic countries they speak about building 'market socialism,' apparently meaning a system with features borrowed from both Lenin's NEP policy and 'the Swedish Model.' Everything seems to indicate that they want to use also the Swedish experience in this construction work. We ought to help. . . .

"In this we are acting in agreement with a basic goal of Swedish foreign policy which is to work, according to our means, for economic and social development in peaceful and democratic forms. There is no reason to believe that thereby we would upset our very important relations with the Soviet Union, *maybe rather the contrary.*" (Emphasis added.)

The confrontation grows

After the details of Gorbachov's proposed changes in the Soviet Constitution became known late in October, and the simultaneous *New York Times* interview with Politburo member Aleksandr Yakovlev, published widely in Sweden and Finland, some of the "optimism" expressed by EPF leaders like Made was toned down. The constitutional changes, promptly rejected by the Estonians in an explicit challenge of Moscow's authority, provide for an unprecedented strengthening of Soviet central power against the autonomy of Soviet republics. In the *New York Times*, Yakovlev proclaimed a flat "no" to an Estonian currency and any Estonian diplomatic representation.

Meri told *Svenska Dagbladet*: "If Yakovlev is so afraid of an Estonian currency, I want to remind him that those funds could perhaps buy more modern technology, something the Soviet Union greatly needs. The idea is very realistic, as the ruble is worthless on the international market." Meri, like other EPF leaders, stress that their striving for Estonian independence is not aimed against any vital Soviet interests: "There will be Soviet military bases in Estonia. We can give guarantees that Soviet security will not in any way be undermined."

Indrek Toome, a member of the Central Committee of the Estonian CP, considered by many the Estonian chief ideologue and the likely next prime minister of Estonia, told *Svenska Dagbladet* of Nov. 2: "A rift between the party and the EPF is excluded. We are committed to walk hand in hand."

This fact notwithstanding, Moscow's dilemma is how to control the unchained nationalist ferment, which impatiently demands that deeds follow the words about Estonian independence. The Kremlin's helpers have been keen to lend their support in trying to rein in "exaggerated hopes." Swedish Foreign Minister Andersson on Nov. 13 issued one such call for moderation, and Finnish Prime Minister Harry Holkeri, speaking in Helsinki on Nov. 21, sharply denounced even media support for Estonian political independence, asserting, "The foreign policy is conducted by the President and the government."