



Interpreting and Dealing with the Ukraine Crisis: Some Implications and Lessons from History

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Russia's aggressive moves to take over Crimea and apparent designs on eastern Ukraine demonstrate that power politics - of the Russian variety at least - still exist today. To fully understand Russia's current day objectives and actions in Ukraine, one must look to the history of the establishment of the Soviet empire in Eastern Europe. Similarly, the west's response to Soviet expansion after 1945 also reveals important insights into how today's current economic sanctions might fail as a means of dealing with an increasingly aggressive Russia. Janusz Bugajski looks to have aptly observed that "the Kremlin may not have reconciled itself to the fact that the USSR lost the Cold War and had to withdraw the occupying army."¹

The crisis between Russia and Ukraine indicates that Russia is still the traditional great power that it was in 1945, or in the 19th century for that matter, and great powers tend to expand in search of power, prestige, security, or a combination of these. Russia has never been an exception to this rule, even in its Soviet form. Moreover, the end of the Cold War and indeed the 20th century has left behind wreckage—the contours of which are now becoming more visible. This includes contested borders, disgruntled ethnic minorities, ill-concealed tensions between traditional opponents fueled by nationalist sentiments, but most of all inherited problems that cause grave economic and social ills in countries struggling with dysfunctional political systems. Putin's drive to recover "lost" territories might have been surprising. Yet I would not be surprised at all that western intelligence had foreknowledge of what was to come.

Historians are able to predict the past but usually not the future. Nevertheless, history may offer some perspectives that might be useful in the interpretation of the present Ukrainian crisis and the potential western response to it on the basis of the lessons of the early Cold War - the previous wave of Russian [Soviet] expansion into Europe. The armed thugs masquerading as genuine pro-Russian separatists evoke the history of Soviet takeovers in 1945, reminding us yet again that much can be learned from the history.

THE KREMLIN'S MOTIVATIONS AT THE OUTSET OF THE COLD WAR

It's clear that the Kremlin has embarked on a quest to restore its influence on at least some of the strategic positions that it had enjoyed prior to the collapse of the Soviet Union, and thereby, reassert its former status as a world power. Although there is no disagreement that the Soviets sought a unilateral sphere of influence in the "adjacent" countries, a large body of literature maintains that the introduction of Stalinist systems may not have been inevitable and was triggered by aggressive U.S. policies such as the Marshall Plan, which were directed against "legitimate" Soviet interests.²

Traditionally, Sovietization has been described and interpreted as the chain of events leading to the communist seizure of power and the eventual introduction of Stalinist political systems. However, there was another process unfolding simultaneously with, and not independently of, the gradual Stalinization of Eastern Europe. This was Soviet imperial penetration, the takeover of the economies and defense establishments of Eastern Europe, and the creation of Soviet military and economic space.³ Soviet colonization of Eastern Europe went hand in hand with the creeping introduction of Stalinist systems and the liquidation of democratic elements. Eastern European archives have made it plain that Russian expansion in postwar Europe was not a reaction to American policies. In fact, American foreign policy had little to do with Soviet plans for the adjacent areas aside from facilitating the Soviet colonial takeover through complacency and inaction. These American and West European attitudes stemmed from the belief in Washington that Russia's interests in Europe can be harmonized with the stability of Europe and the lasting conviction that Russia deserved security even at the expense of the national independence of smaller states that surrounded it. This is a lesson of history that may be reassuring to Moscow.

After the WWII, the Soviet Union acted as a traditional imperial power to maximize the gains from victory over Germany. Stalinization of the occupied areas proceeded simultaneously with the extension of the Soviet military perimeter and the construction of a Soviet economic space. In fact, the imposition of ideologically committed loyal communist regimes may have been necessary to ensure that the newly acquired states would render the imperial services demanded by Moscow without direct Soviet military administration of those lands. Stalin referred to Alexander I, allegedly saying that the Tsars had known how to win wars but not how to win peace. Moscow's gains in military space were formidable. The Soviet military space was pushed all the way to Berlin and Prague in the north, Bratislava and Budapest in the center and Sofia in the south. Even the most powerful and durable Asiatic power that had intruded into Europe for many centuries, the Ottoman, had not been able to permanently advance as deep into Central Europe as to take over what is today Bratislava.

Military control meant absolute control. The United States paid for its military presence in Western Europe and was invited there by democratically elected governments in Eastern Europe; however, the satellite states paid for Soviet occupation that was initially imposed by bilateral agreements and later codified in a military alliance signed by Eastern Europe's unrepresentative and unsovereign dictatorships. The Soviets enjoyed unlimited control of the occupied territories for military use and were not obliged to inform the host governments of troop movements or even the number of troops and size of armed forces stationed there. Local armies were increased to an unprecedented level in peacetime. Thus, it was by no means irrational for the West to assume that the satellite states would serve as launching pads for potential Soviet attack. Whether the military buffer was a security zone or a launch pad to attack for further expansion is a moot point: as Robert Jervis has shown, defense and offense are the two sides of the same coin.⁴ The strategic significance of the northern tier is well appreciated, but this is not the case for the significance of Western Ukraine, the territory called Carpathian Ukraine.

Stalin acquired this multiethnic region from Czechoslovakia in 1945. At first sight, the acquisition did not make much sense as the territory had always been an impoverished area. Yet it sits on passes that traverse the otherwise impenetrable Carpathian Mountains (which form the only natural barrier between Ukraine and the heart of Europe), including western Austria, southern Germany, and northern Italy. This may mean that Russia may set its eyes once more on this strategically key piece of territory. Control of this region also meant direct access into Czechoslovakia, Hungary and Romania. Romania sits on the Danube delta - the control of which had been in the focus of Stalin's efforts in the 1930s. The river's outlet to the Black Sea and Romania was instrumental in Hitler's offensive in the direction of Crimea in World War II. It is not hard to imagine that the repossession of Crimea will elevate Romania's importance in the eyes of the Russian leadership. The Kremlin's grip on the Balkans was solidified by Stalin's acquisition of Bulgaria, which provided Moscow potential access to Turkey, guardian of the Straits.

In 1989, members of the Soviet elite, and military leaders in particular, accused Gorbachev of squandering the "fruits" of Cold War dominance, Military leaders also alleged that the Soviet Union lost its status as a world power and was pushed back to the peripheral status of the interwar period. In fact, Gorbachev himself hoped to hold onto these territories militarily. He insisted on, as he put it, "the post-war realities:" the European status quo as sanctioned by the Helsinki Accord and the Warsaw Pact, that he—and western officials—regarded as "the pillar" of European and of course Soviet security. When asked about the possibility of Polish and Hungarian withdrawal from the Warsaw Pact, Gorbachev affirmed that there should be no changes in the alliance because it "would be seriously destabilizing."⁵

Many Soviet party functionaries and military commanders opposed the dissolution of the Warsaw Pact vigorously. Gorbachev's chief military advisor, Sergei Akhromeiev declared that Soviet military officers were "accustomed to regarding the Warsaw Pact and our forces stationed on the territory of the German Democratic Republic (GDR), Czechoslovakia, Poland and Hungary as the bedrock of the Soviet Union's security" and that "for [them]... the entire security system that was created after the war was the foundation on which everything else was based." Lt. General Ivan Mikhailin summed up the view of many of his peers when claiming that "the West is isolating us on the periphery of the European continent." The commander of the Pacific Fleet added that the USSR had "returned to the situation in 1939."⁶ Facing fierce opposition to any reconsideration of the Soviet role in Europe, not only in military circles but also in the party, it is unlikely that the reformers around Gorbachev could have renounced the instruments of Soviet presence in East Central Europe without the major upheavals in the adjacent states, even if they had really wanted to. Gorbachev did not "set free" Eastern Europe - although liberation would not have occurred without his reform stance - rather Eastern Europe achieved its own independence. Gorbachev gave in to the pressure of his former allies to disband the Warsaw Pact as events spiraled out of his control.

Even so, immediately after the dissolution of the Warsaw Pact, in spring 1991, Moscow "offered" new security arrangements to the erstwhile client states. Only Romania was willing to sign a new agreement albeit with the proviso that it reserved the right to join NATO. The language rejected by Moscow's other former allies would have committed them not to join a military-political alliance directed against the other side. All this meant that Russia did not lose sight of the importance of the area it had just lost and it was not surprising that NATO membership became the preferred solution for the security problem of the states in East Central Europe. The sense of Russian pride, prestige, and security had suffered when NATO went back on Secretary of State James Baker's promise to Gorbachev that it would not expand into formerly Soviet-held territory. As authors Godlgeier and McFaul argue "recognition of the growing asymmetry of power between the United States and Russia enabled American officials to pursue foreign policy initiatives unilaterally with less regard for Russian reactions."⁷

Thus, Putin's move to take over parts of Ukraine can be interpreted as the first step towards the reestablishment of the strategic positions that provided the status of a world power that Russia had enjoyed in the Cold War. A logical first step in this direction is to reassert control of Carpathian Ukraine, the gateway to Central Europe. This strategic move could not be done through military occupation alone, as the record of Cold War Soviet takeovers in Eastern Europe illustrates.

THE ANATOMY OF SOVIET TAKEOVERS IN EAST CENTRAL EUROPE

The Soviet Union's policies after 1944 demonstrated the full scope of possibilities inherent in economic expansion. As mentioned earlier, Soviet policy in the early phase of the Cold War was as much imperial as it was ideological. Eastern Europe became Soviet economic space. Archival research has revealed that economic expansion was both a tool for political conquest and an end in itself precisely the way explained by Kenneth Waltz.⁸ The Soviet Union used its political leverage to control the most important branches of the economies of Bulgaria, Hungary, Romania, East Germany, and to some extent, even Czechoslovakia and Poland through the establishment of Soviet companies controlled by a state agency in Moscow, named Gusimz. [Glavnoe Upravlenie Sovietskoe Imuchestvo za Granitsei - Main Directorate of Soviet Property Abroad]. This control, as well as the influence exerted on the formulation of economic policies in the subjugated states, undermined the independence and sovereignty of the countries involved. In less than a year, the Soviet Union seized important branches of these economies: the most significant industrial and mining companies. Through economic agreements Moscow gained unlimited access to raw materials such as uranium, crude oil, natural gas, coal, bauxite manganese, and timber. The motive of profit was not absent either: in the postwar period, not counting the military contribution, the Soviet Union profited from its sphere of influence, much like the U.S. did in Western Europe due to the Marshall Plan. Stalinist heavy industrialization, coupled with the reorientation of the client states' foreign trade towards the USSR, further increased the Soviets' political leverage through a mechanism famously described by Albert Hirschmann.⁹

Interestingly, the main actor in the Soviet economic penetration was a state owned agency called Gusimz operating directly under the Soviet Council of Ministers. Gusimz was headed by two powerful figures of the Soviet security establishment, Vsevolod Merkulov and Vladimir Dekanozov. The agency owned the stakes in foreign companies acquired by the Soviet state. The Soviet Union appointed the general managers and thus had full control of the companies it partially or fully acquired with no financial contribution to the foreign states. This meant that large chunks of mining communications and manufacturing industries of the countries in question could be operated directly from Moscow. In addition to the dominant position it enjoys today, Russia is now also working towards further enhancing its control over the energy transportation routes.¹⁰ Although its abilities are more limited than they were in 1945, some of the strategies are similar, as the Austrian company OMV, with opaque relations with Gazprom, sought a hostile takeover of the Hungarian MOL.

In Hungary, the creeping introduction of Stalinism and Soviet colonization was a low-key process, many elements of which went hardly noticed in the West. Under very different conditions of course, Russia is currently using its economic leverage to pursue its foreign policy agenda. Despite their integration into the European Union, some countries in the path of potential Russian expansion are vulnerable to Russian economic pressure due to their dependency on Russian energy. Slovakia for instance is almost entirely reliant on gas and crude oil imported from Russia; a significant portion of the country's exports are made up of products refined from this imported oil. Out of Hungary's 7 billion euro trade surplus, 6.5 billion are spent on the energy bill, the larger part of which flows to Russia. Russia has used the power to interrupt and redefine the relations of trade with Ukraine as a tool

of coercion; Moscow has already threatened to interrupt energy supplies to Europe, including the former WTO member states that are particularly dependent on Russian energy supplies.

The history of 1945 also demonstrates that a relatively small number of sufficiently zealous individuals are capable of seizing positions of power on behalf of a foreign state and terrorizing the majority into submission.¹¹ In addition, communist parties, themselves under strict Soviet control, planted clandestine agents into democratic parties to subvert them and influence them to in the direction of supporting the communist agenda. Communist parties in Hungary and Austria recruited former Nazis into their ranks and incited violence and even anti-Semitic pogroms to undermine public order. Such methods of influencing the domestic politics of client states may not be a thing of the past. Recently, a far right party has come under the suspicion of receiving financial support and being controlled from Russia and extending Moscow's influence all the way to Brussels. An EU deputy of this party was allegedly responsible for the establishment of a coalition of far right parties in Brussels, and his activity have come under the scrutiny of western intelligence services some time ago.

It is important to note that the Soviet Union intended to establish a Sovietized military political and economic periphery in the adjacent states from the outset. The Sovietization of Eastern Europe was not a response to American policies. This does not mean that the Kremlin had a "master plan" and timeline for the strategy of Stalinization and imperial takeover. Moscow's strategy and policies had common features but also differed in some respects. From country to country, they were adapted to the local conditions and the broader Soviet considerations of foreign policy. It is also likely that Moscow would not have risked war with the United States to achieve its ends. William Bullitt's thesis that the Soviet Union first puts out feelers and "where it meets no obstacle [it] flows in" may also hold true for contemporary Russia.

Control over a foreign state does not necessarily entail military administration by the aggressor. Yet several events may bring one state gradually under the sway of a foreign power, including security agreements granting extensive stationing rights unequal economic agreements and foreign trade dependency the seizure of positions of power, and the infiltration of political parties by agents working for the intelligence services of the external power.

THE EXPERIENCE OF ECONOMIC SANCTIONS

Some experiences of the western response to the Sovietization of Eastern Europe may also be instructive. After the communist coup in Czechoslovakia in February 1948, the United States adopted the stance that the extension of Soviet power "into the heart of Europe" was a grave threat to U.S. security. Therefore, all means were to be employed to "roll back" Soviet power short of military means. At the behest of Secretary of Commerce Averell Harriman, the United States introduced a set of economic and trade sanctions to diminish the military potential of the Soviet Union and its clients by denying strategic materials and military technology. Secondly, they were meant to undermine the consolidation of the communist regimes by creating economic hardship and to loosen the Soviets' grip on the satellites by forcing them to turn to the West for commodities the Soviets could not supply. The most sanguine agencies of the U.S. administration expected that even the collapse of the Soviet regime could be brought about. The Joint Chiefs of Staff argued that an "economic iron curtain" would paralyze the Soviet economy within five to ten years.¹² Washington had clear goals for the sanctions in mind, but the results fell short of the expectations even though the screws were further tightened after the Korean War broke out.

First of all, it was difficult to rally the allies to join the embargo; Western Europe had a far higher stake in economic and trade relations with the Soviet bloc and the USSR itself than the U.S. American intelligence became aware that even NATO states such as France circumvented the economic controls. Eventually the United States and the European allies ended up with two different sets of controlled items and the harmonization of these within the CoCom system was always difficult. Secondly, American government agencies never saw eye to eye regarding the possibilities inherent in economic warfare or how far sanctions should go. Throughout the Cold War, the State Department often allied with the Department of Commerce that stood against the Pentagon and the Joint Chiefs of Staff in urging less stringent measures and the liberalization of trade. This was because the State Department was more skeptical about the possible result of sanctions and was concerned about the violation of the principle of free trade which the United States championed around the world. Economic sanctions in fact resulted in growing tension within the alliance and weakened its cohesion. As a result, President Eisenhower decided on a gradual relaxation of trade controls with the Soviet bloc in 1953. Trade policy towards the Soviets and their allies in Eastern Europe began to develop in a direction where commodities deemed of strategic value continued to be controlled while trade liberalization was held out as a reward in return for domestic liberalization and better behavior in international matters of interest to NATO. This policy was encouraged by American business circles which were losing opportunities behind the iron curtain to competitors in other parts of the world.¹³

Ultimately, economic warfare against the Soviet bloc was not an utter failure but did not come even close to achieving its stated objective: bringing down the communist regimes at an early phase of the Cold War. The allies were unable to see eye to eye regarding the scope of the sanctions because western economies were dependent on trade and economic relations with the Soviets. However, the Soviet economy turned out to be highly resilient to the sanctions.

A quarter century after Lenin ceded Russian-controlled territory to save the Bolshevik Revolution, the Soviet Union extended its territorial holdings into Europe even beyond the areas the Tsars had controlled. This process began with Stalin's pact with Hitler in 1939. Now, almost a quarter century after the collapse of the Soviet Union, Russia has seemingly embarked on a road to reconstruct the Soviet Union's lost positions. Using methods resembling the ones used to take over the states of Eastern Europe in 1945, Russia is likely to use all means short of testing NATO's resolve with military force. Russian influence will flow in where it meets with no opposition. The Cold War suggests that even a seemingly powerful weapon, economic warfare, is ineffective on its own, and sanctions may even harm members of the western alliance, weakening the cohesion of the European Union at a time when the Russians are luring some member states with economic opportunities.

ENDNOTES

1. Janusz Bugajski, *Dismantling the West. Russia's Atlantic Agenda* (Washington, D. C.: Potomac Books, 2009).
2. See Melvyn Leffler, *The Specter of Communism. The United States and the Origins of the Cold War, 1947-1953* (New York: Hill and Wang, 1994); Vladislav Zubok and Constantine Pleshakov, *Inside the Kremlin's Cold War. From Stalin to Khrushchev* (Cambridge, Massachusetts, London, England: Harvard University Press, 1997).
3. Published documents on Soviet policy towards Eastern Europe after the war include Galina Murashko ed., *Vostochnaia Evropa v Dokumentakh Rossiskikh Arkhivov, 1944-1948* (Novosibirsk: Sibirski Khoronograph, 1997). For a comparative review of Soviet policy see Csaba Békés, László Borhi, Peter Ruggenthaler Ottmar Trasco eds., *Soviet Occupation in Romania, Hungary and Austria* (Budapest, New York: CEU Press) forthcoming in 2014; For the USSR's economic expansion: Walter M. Iber - Peter Ruggenthaler eds.: *Stalin's Wirtschaftspolitik an der Sowjetischen Peripherie - Ein Überblick auf der Basis osteuropäischer Quellen* (Innsbruck-Wien-Bosen: StudienVerlag, 2011). For the Soviet economic exploitation of the East Germany see Norman Naimark, *The Russians in Germany - A History of the Soviet Zone of Occupation 1945-1949* (Cambridge, Mass.: Belknap Press of Harvard University Press, 1995); For the Sovietization and exploitation of the economy in Hungary: László Borhi, *Hungary in the Cold War 1945-1956 - Between the United States and the Soviet Union* (Budapest, New York: CEU Press, 2004).
4. Robert Jervis, Was the Cold War a Security Dilemma? *Journal of Cold War Studies*, Volume 3 Number 1, (Winter 2001).
5. Bush's working dinner with Mulroney, 29 November 1989. BPL, http://bushlibrary.tamu.edu/research/memcons_telcons.phphttp://bushlibrary.tamu.edu/research/memcons_telcons.php
6. Mark Kramer, *The Collapse of East European Communism and the Repercussions within the Soviet Union*, part 3, *Journal of Cold War Studies*, Volume 7, Number 1, (Winter 2005), pp. 3-96.
7. James M. Goldgeier - Michael McFaul, *Power and Purpose: U. S. Policy Toward Russia after the Cold War* (Washington, D. C.: Brookings Institution Press, 2003), p. 16.
8. Kenneth Waltz, *Theory of International Politics* (New York: Random House, 1979), p. 94. "States use economic means for military and political ends and military and political means for economic ends." Hans Morgenthau pointed out that the aim of economic imperialism is "on the one hand to overthrow the status quo between the imperialist nation and the other, and on the other hand to do so not through the conquest of territory but by way of economic control." Hans Morgenthau, *Politics Among Nations - The Struggle for Power and Peace* (Revised by Kenneth W. Thompson) (New York: Knopf, 1985).

9. Foreign trade has two principle effects on the power position of an imperialist country. First, economic profits from trade increase the economic power of the dominant country. Second, foreign trade becomes a direct source of power if other powers become economically dependent on the dominant state and thus provide it with an instrument of coercion. The power to interrupt and redefine commercial relations with any country is the root cause of the power position that the dominant country acquires over other nations. Albert Hirschmann, *National Power and Foreign Trade* (University of California Press, 1981). First published in 1945.
10. See Bugajski, *Dismantling the West*, opcit. p. 123.
11. See Borhi, *Hungary in the Cold War*, opcit., Anne Applebaum, *Iron Curtain: The Crushing of Eastern Europe* (New York, 2012); Robert Gellately, *Stalin's Curse - Battling for Communism in War and Cold War* (New York: Knopf, 2013).
12. Report by the Joint Chiefs of Staff to the Secretary of Defense, 26 June 1950. *Foreign Relations of the United States, 1950, Volume IV*, pp. 152-153.
13. See Borhi, *Hungary in the Cold War*, opcit.; Tor Egil Følrand, *Cold Economic Warfare - The Creation and Prime of CoCom, 1948-1954* (Oslo, 1991),; Alan Dobson: *US Economic Statecraft for Survival 1933-1991: Of Sanctions, Embargoes and Economic Warfare* (London and New York: Routledge, 2002), Tor Egil Følrand, "Selling Firearms to the Indians - Eisenhower's Export Control Policy, 1953-1954," *Diplomatic History*, vol. 15, no. 2, (Spring 1991), pp. 231-232., Robert Spaulding Jr., "'A Graduate and Moderate Relaxation' - Eisenhower and the Revision of American Export Control Policy, 1953-1955," *Diplomatic History*, Vol. 17, no. 2, (Spring 1993), pp. 223-250.

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