

**Gertrude Enderle-Burcel, Piotr Franaszek, Dieter Stiefel, Alice Teichova (eds.), *Gaps in the Iron Curtain. Economic relations between neutral and socialist countries in Cold War Europe*, Jagiellonian University Press, Kraków 2009, ss. 293**

What we have here is an outstanding scientific achievement on economic history of the cold war. Particularly it is economic policy of some so called neutral countries that is put into a colourful context. In four chapters (*Economic policy of neutral states in East-West relations during the cold war; Austria's relations with its neighbours; Trade relations between planned and market economies; Business links between industries and firms*) some 19 authors including *Oliver Rathkolb, Christina Lohm, Bruno Frietzsche, Till Geiger, Gerard Aalders, Pekka Sutela, Andreas Resch, Andrea Komlosy, Gertrude Enderle-Burcel, Ágnes Pogány, Bohumír Brom, Eduard Kubu, Christoph Boyer, Piotr Franaszek, Žarko Lazarevič, Ludovít Hallon, Miroslav Londák, Valentina Fava, Dagmar Jajesniak-Quast* answer several important questions. We realise that this book is a continuation of a conference titled 'Neutrals and East-West trade' held in Bratislava in September 2005, and it has to be stated that according to the content this collective monography has perfectly reached the scientific aims of its international research team.

We have long known that the neutral status of a country often derived from its geographical position and that neutrals played key role in many important East-West political relations, especially when it came down to easing the tension. We have also known that internationally acknowledged neutral status was much in favour of both world powers, the USA as well as the Soviet Union. But what does 'neutrality in peacetime' mean? It is *Till Geiger* who makes it clear that 'in the cold war confrontation, the USA saw neutral countries as potential loopholes through which the Soviet bloc might obtain advanced western technology'. (Geiger, p. 43.) This is the idea explaining the title of the book. But most importantly: beyond the concept of cold war neutrality (presumed neutrality was indeed possible) why and how did these politically uncommitted countries develop economical ties with their Eastern Central European (ECE) neighbours?

In 1947 the USA imposed an embargo against the ECE countries. Then followed the Export Control Act (February 1949), and setting up the Coordinating Committee in Paris (November 1949). Already strained economic relations became even tighter after the beginning of the Korean war when the Mutual Defence Assistance Control Act (26 October 1951) 'introduced the principle of limiting economic relations with countries that represented a threat to US security'. (Brom-Kubu, p. 166.) Despite this seemingly logical and straightforward timeline, it is not surprise that there is a significant debate among the authors on the exact political intentions of the Marshall Aid (MA). In *Gerard*

Aalders's opinion the MA is unanimously considered as 'the first phase in the economic warfare against the SU' (Aalders, p. 69.), while others see more complex issue here and to support their idea give substantial overview on the inner perception of the MA, like Gertrude Enderle-Burcel does it in her study in case of Austria. There might not be doubt however that the COCOM indeed was a secret organisation set up by the USA in late 1949 in order to use it as a means of economic warfare. At the end of the day these studies in their rich pro and contra arguments make the historical picture brighter than before, even without firm statements.

There were certain times when neutrals intensively contributed to the improvement of political relations. Sometimes openly, sometimes covertly their economic relations influenced the political atmosphere. No doubt that private as well as state economic interests served as strong driving force even during long-term ideological conflicts what the cold war definitely was. All in all however neutrals were often forced to balance between their well considered economic interests and the political pressure that came from the USA as a world power. Some countries like Switzerland obeyed unwritten rules quietly; in return e.g. the Swiss export to the SU in the period of 1945–1970 remained less than 1%. (Lohm-Fritzsche, p. 26.) Others were cunning enough to exploit the legal possibility of eastern export for their own interest. E.g. in case of Finnish Nokia (at that time not a multinational telephone producer but a developing private enterprise interested in production and sale of paper, rubber, cables and cabling machines) the Soviet market meant up to 25% in company's turnover. (Sutela, pp. 77–78.) Sensible balancing can be very well noticed in the glaring example of Sweden. Perhaps this was the country where the outer political pressure was the highest, however it was also Sweden which was the most tricky in getting rid of American influence. (Aalders, p. 63.)

Austria had maybe the most interesting place among the neutrals. Beyond its central geographical position the key factor in this was its one-decade-long occupation by the Soviet Army until 1955. Vienna's significance in the East-West relations has been known. Nevertheless, this time more light is shed on particularities such as its relationship with the USA, or Julius Raab's several attempts to reduce Austria's pro-Western tendencies in order to gain goodwill of the Soviets, or Bruno Kreisky's special economic policy towards Yugoslavia, Poland, and Hungary. (Rathkolb, p. 17. and 20.)

Eastern international trade has been highly relevant for Austria since the times of the Habsburg Monarchy, and the country was agile enough to regain its position nearly immediately after 1945. The book sheds light on Austria's peculiar way of nationalization which was mostly triggered out by the intention of denying Soviet access to the German assets (Komlosy, p. 112.), also on Austria's contribution to setting up the International Atomic Energy Agency via generous offer of facilities, or on the trade with its closest neighbours like Czechoslovakia and Hungary. On the Austrian-Hungarian relations there is a separate chapter written by Ágnes Pogány. For Czech and Slovak historians it might be extremely valuable to observe the long-term procedures of their own communism seen from Austria. One of the most clearly expounded long-term-issue can be found in Andreas Resch's study on Austria's changing economic and political preferences. Around 1945 Czechoslovakia was its key partner, later on Hungary became its darling. (Resch, p. 91.) Again, as the example of Poland shows this country was quick enough to „re-establish its commercial relationship with Austria” (Franaszek, p. 207.) but rapidly

worsening East-West relations unstoppable brought these relations to minimum. Nevertheless, „even though the share of neutral states in the commercial exchange with Poland was rather modest, in terms of both absolute and real values, it still had a considerable significance for the functioning of the Polish economy”, as Piotr Franaszek states it (Franaszek, p. 217); and certainly this is true for all other countries during the whole period.

The newest and the most striking study of the book is Gertrude Enderle-Burcel's paper on the Communist Party of Austria's (CPA) business practices during the cold war. It tells us a captivating story about 'cloaked companies' an 'concealed business partnership' run by the CPA, a party set up by Stefan Kaufman. (Enderle-Burcel, pp. 128–129.) As a start, CPA 'tried to build up positions in 6,000 companies which had been abandoned by fleeing national socialist'. (Enderle-Burcel, p. 127.) Later on it got into 'special relationship with the Soviet occupational regime', so their firms could happily trade with ECE. Through the 'USIA complex' a 'quasi extra territorial economic enclave' was born under the umbrella of the CPA. The party went on being an important figure in East-West economic relations even after 1955 when the state treaty required handing over USIA companies to the Austrian state. Cloaked companies were able to survive the whole period of 1945–1989. (Enderle-Burcel, p. 128.) As Gertrude Enderle-Burcel states, even within the CPA 'only a chosen few knew the size and extent' of such a trade. Their incomes landed in quiet Swiss bank accounts from where the profit slowly flowed back to the party itself, likely to its leaders. Even if some parts of the story are not explained in their sheer depth (e.g. I miss details on CPA's 'special relationship with the Soviet occupational regime' very much) all this is mysterious enough to grasp our fantasy. What this apparently insignificant party did was simply circumgoing international rules. They perhaps even carried out illegal business activities or covert operations, like smuggling e.g. on the River Danube, abusing Austria's neutral status.

Joint authors Bohumír Brom and Eduard Kubu write that 'the share of capitalist countries in Czechoslovakia's foreign trade in 1947 reached nearly 90%'. (Brom-Kubu, p. 166.) This figure makes it even more understandable why neutral countries like Sweden and Switzerland became so important for the country after the coup d'état in February 1948. They both meant 'gate to the world' as Hubert Ripka, the Minister of Foreign Trade called it, and both had a 'unique and irreplaceable' position in Czechoslovak foreign trade. (Brom-Kubu, p. 187.) But even this lasted only for a while. Despite Switzerland being a vitally important business partner with some 10–14% of import-export ratio (Lohm-Fritzsche, p. 28.), even this country fell into disgrace in the communist Czechoslovakia in mid-1950s.

Some issues in the book are rather unique reading regarding Czechoslovakia's international economic relations during the communism. Special attention is devoted to the Škoda car production and sale between 1948–1964 by Valentina Fava, to Czechoslovak–Soviet–Finnish trilateral agreements (mostly built on Czechoslovakia's pre-war agreements and contracts) (Hallon-Londák, p. 230. and 233.), and to the increase in the Slovak contribution to the complete Czechoslovak industrial production (Hallon-Londák, p. 229.) in a chapter written by Ludovít Hallon and Miroslav Londák. There is perhaps one issue what I strongly miss from the studies, i.e. the notorious Czechoslovak heavy armaments production and trade. Its lack is critical for it was a serious factor not only regarding the home economy, but mainly because Czechoslovak weaponry was

a decisive factor in a row of cold war conflicts including the Egyptian channel crisis, the Vietnam war, the terrorism in the 1970s, or in some African conflicts in the 1980s. Though authors devote attention to the heavy industry, there is hardly one short reference on armaments (Hallon-Londák, p. 241.) and unfortunately there are not further details given.

As far as the results of East-West economic relations are concerned, the political incompatibility of communist regimes, the state's full monopoly in foreign trade, the unbearable system of restrictions in export/import, and the unreliability of the quality of goods – at the end of the day none of them could prevent communist foreign economies from collapsing. Generally speaking eastern enterprises were not able to survive on the competitive western markets. (Boyer, p. 194.) Despite establishing the Council of Mutual Economic Assistance, even the '*strategy of modernizing the CMEA economics*' was attempted via technology imports from the West. And even this failed, as *Andreas Resch* notes. Not surprisingly the share of the whole Soviet bloc in the free world trade market had decreased from 4,1% in 1947 to 1,9% in 1953. Orthodox political considerations and the civil servants' stubborn faith in enchanted numbers prevented some communist countries smelling the wind of political changes. As a consequence ECE countries found themselves in a 'debt trap' if not directly in a severe liquidity crisis. (Resch, p. 98.)

There are many interesting nuances given in this book. Nevertheless, it is not these nuances but the complete picture over some selected cold war economic issues that make this book so precious. Above all it is the permanent feeling of cynic hypocrisy that makes the reader think deeply about the character of this historical period. All sides including neutrals, Americans and the Soviets liked fishing in troubled waters. E.g. the Soviets accepted the CPA as commercial mediator in Austria despite '*there was a tightly woven net of German-Austrian personal relations at the upper management level*' (Boyer, p. 201.), what more West Germany was Austria's most important business partner. An other tricky and hypocrite play of the cold war was that many goods that were not accessible from the west (embargoed raw materials, semifinished and technical products, etc.) were attainable from the west through neutral countries.

From methodological point, the book is mostly based on archival research, less often on oral history, like in Pekka Sutela's case. If in the first case it is the confidential nature of commercial private archives, in the latter one it is the narrative nature of the oral history, including such peculiarity like 'How did we deal with Russians?', that make this researches so valuable. All in all this book gives us much more complex view than any other monography in the same topic so far.

Barnabas Vajda