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Return of the Hanseatic League or how the Baltic Sea Trade
Washed Away the Iron Curtain,
1945-1991

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Abstract

This dissertation develops a comparative perspective on the Baltic region, from Hamburg in the West to Leningrad in the East. Its transnational approach highlights the role played by medieval Hanseatic port cities such as Rostock (East Germany), Szczecin and Gdańsk (Poland), Kaliningrad, Klaipeda, Riga, and Tallinn (Soviet Union), as ‘windows to the world’ that helped the communist-controlled Europe to remain in touch with the West after 1945. The main innovation rests on linking particular developments in the Polish People’s Republic, the GDR, and the Soviet Union to global processes such as the post-Bretton Woods capital flows liberalization or the economic repercussions of the 1973 Oil Shock. The project’s comparative framework highlights how the three states diverged in their responses to the changing global environment, introducing even more disunity behind the Soviet Bloc’s monolithic façade. This approach emphasizes the significance and uniqueness of Baltic port cities, where global trends arrived earlier and played themselves out in a more pronounced way. This characteristic helped them to serve as inlets channeling what historians have identified as “the shock of the global 1970s” into the region. In the West, particular attention is paid to Hamburg as a foreign trade hub that projected its commercial dynamism eastwards, and as a Cold War intelligence headquarters. New insight is provided on the ways in which ‘really existing socialisms’ diverged from the original Marxist-Leninist-Stalinist blueprint and how they eventually metamorphosed into the laissez-faire free-market experiment after 1989. This work relies on recently declassified papers
produced by the communist secret police and intelligence agencies, including thousands of hitherto unseen pages of KGB records from the Lithuanian Special Archives in Vilnius, Stasi files from the German BStU, as well as reports written by the chiefs of the Soviet Pribaltika customs administration, archived at the RGAE in Moscow. It offers a radically new interpretation of the origins of the Solidarity movement in Poland and transcends the still often nationally entrenched narratives of 1989. Ultimately, it sheds new light on the dynamics behind the eventual collapse of the Comecon trade system, the Soviet Bloc, and the Soviet Union itself.
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Due to time constraints, such as pressing submission and graduation deadlines, but more importantly - due to the fact that their contribution should become public knowledge in a more widely-accessible place, such as the monograph that will eventually arise out of the work in progress presented here, everyone else who has helped me along the way will have to wait for proper recognition, in a less hasty format, for a year or two. If you are still curious enough to engage with this early draft, despite my advice to the contrary, please accept my apologies for neglecting to mention your contribution here. Rest assured, I will not forget about it.
DEDICATION

This dissertation is dedicated to my parents. Thank you for everything you have done to help me reach this stage. Mam nadzieję, że lektura mych twórczych wysiłków będzie znośna, a może i lekka i przyjemna przy sprzyjających wiatrach, even if you might have to wait a bit for a Polish translation to appear.
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NOTE ON TRANSLATION

This dissertation relies primarily on archival material in German, Polish and Russian. The secondary material includes English-language scholarship as well. All the necessary translations into English, both direct and paraphrased, have been done by the author, to the best of his knowledge and ability. Occasionally, the original source in its vernacular form is also provided, in the main body or in the footnotes, to facilitate a more precise conveyance of meaning. When available, the anglicized version of a location (or other proper name) is used (Warsaw/Warszawa), unless the vernacular was used in the quoted source or due to any other contextual circumstances. When two names (or more) of a location exist (Gdańsk/Danzig, Lwów/Lviv/Lemberg), one of them is used depending on which one was prevalent at the time (e.g., before WWI or after WWII) or which one was used by the source examined at a given point. When an anglicized equivalent is not available, the original term is supplied in its language of origin. All transliterations from Russian comply with the LAC Romanization system, unless a more widespread Romanized version of a term happens to be in use. For all the errors in translation and transliteration, the author bears the sole responsibility.
NOTE ON EDITORIAL NOTATION

This dissertation attempts to follow the Chicago Manual of Style (CMoS, Sixteenth Edition) wherever feasible and as closely as possible. Due to the highly specific notational system of each single archive used as a source-base here, the archival footnotes might vary slightly in editorial formats from chapter to chapter. The notational format is consistent within each single chapter, but not necessarily across the entire dissertation. Occasionally, not all the information required by the CMoS was available. Nonetheless, all the references should contain all the necessary information to facilitate a problem-free identification of the original source. Occasionally, especially when archival sources are quoted, some extra information about the source is provided in the footnotes to supply more contextual background for the reader’s convenience. Wherever possible, an active hyperlink to an on-line source is provided, including the date it has been last accessed by the author. All the abbreviations used in this dissertation are fully spelled out upon their first usage. Some footnotes might contain traces of original formatting in their language of origin (such as the multiple forms of quotation marks, e.g. “x” vs "x" vs ‘x’), which admittedly stems from the author’s inability to fully master the autocorrect procedures of the word editor he has relied on to write his dissertation. Those, as well as all the remaining errors, inconsistencies and deficiencies in editorial rigor, are the author’s own fault. He can only express his hope that they do not hinder the process of understanding of his prose or the identification/location of the referenced printed and archival sources.
1. Prologue

In a communiqué issued at the conclusion of the 2016 NATO summit in Warsaw on July 9, the member states pledged to strengthen the alliance’s eastern flank by stationing four battalions in Poland, Estonia, Latvia, and Lithuania, on a rotational basis. In early January 2017, nearly five hundred German troops, accompanied by thirty tanks, boarded an eastbound train to Lithuania. A month later, on February 7, 2017, the newly-arrived German battalion received an official welcome. Lithuanian President Dalia Grybauskaite greeted the soldiers alongside the German Minister of Defense Ursula von der Leyen. “Never before has Lithuania hosted military forces of such size and integrity. It sends a very clear message that NATO stands strong and united,” Grybauskaite said during a ceremony held in Rukla, a small town on the southern bank of the Neman River in central Lithuania, the location of the new NATO base.¹ Unambiguously referencing a growing external threat, Grybauskaite spoke of an “ongoing military build-up” and other “aggressive actions” of a foreign power in the region.

A brief press conference followed the military parade. The Bundeswehr’s presence, as the commanding army of the one-thousand-strong international contingent, is “symbolic and very important,” she told the gathered journalists. “Germany has made many confessions with respect to the Second World War and its consequences. But today, we are living in the twenty-first century, and it is the responsibility of all of us to reflect on the future of Europe, and to preserve the peace and security of the continent,” the Lithuanian President assured the German press, who worried

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about how their country’s military presence could be perceived by the locals. “We understand these concerns, which is precisely why we see Germany’s decision so favorably,” ² Grybauskaite hastened to add. German colors and uniforms might be fewer and further between than in the summer of 1941. Their current mission is unambiguously a part of a larger international peacekeeping operation. The opposing side – at least nominally less sharply defined than ‘the menace of Bolshevism’ was eight decades ago. Nonetheless, the ominous echoes of the twentieth century were hard to miss in Rukla.

In May 2010, the German weekly Der Spiegel published some sensational details of an apparent Soviet offer to sell Kaliningrad, the former Königsberg, to the Federal Republic in 1990. The article was widely discussed in the Russian media, leading to a public outcry. The proposal was apparently communicated via a secret telegram sent by one of the senior Soviet generals at the time, Geli Batenin. It was addressed to the German embassy in Moscow. As Batenin is now dead, it is difficult to reconstruct exactly what was asked in return for Kaliningrad in the larger context of negotiations clearing the ground for German reunification. A denial that the offer of returning this part of East Prussia had ever been on the table was issued by none other than Mikhail Gorbachev. The last leader of the Soviet Union merely denied that Batenin was acting on behalf of the Soviet government, without questioning the authenticity of the telegram per se. His words should be taken with a pinch of salt, however. There is little doubt that the Soviet leadership was in desperate straits to secure hard currency loans at the time. Furthermore, the two countries had been fond of practicing a ‘back-channel’ kind of diplomacy, ever since Egon Bahr pioneered it in the late 1960s. The German response was lukewarm. They allegedly let it be known that

² Ibid.
reunification was their government’s top priority, and that they regarded the problems of the Kaliningrad Oblast as an internal Soviet affair.³

German leaders had to address many urgent issues in 1990, and the rust belt of rundown shipyards and wharfs of Kaliningrad was certainly not among them. Today, no respectable German public figure talks about Kaliningrad differently than about any other city in Russia. In terms of international balance of economic power, however, Germany has achieved a degree of preponderance in the Baltic unseen since 1945. Nowhere is this factor more visible than in Poland and the three Baltic States, which are dependent on the performance of the German export machine and the tastes of German consumers for the livelihood of their own economies. The asymmetric character of this dependency is evocative of the zenith of Hanseatic and/or Teutonic influence in the region, between the fourteenth and sixteenth centuries. With subtler undertones, this basic relation also applies to Kaliningrad. Thanks to some generous German donations, the local authorities were able to revive a part of the city’s former architectural grandeur, including the gothic Cathedral where Immanuel Kant lies buried. Everywhere around the Oblast, the economic dimension of German assistance, also in the more formalized form of EU structural funds, is a steadily growing factor. This has been the case since before the collapse of the Berlin Wall, as this dissertation will confirm. It is now being accompanied by even more tangible military ‘protection’ as well.

East Prussia has a long service record as a German bulwark surrounded by fremden (alien) peoples and state structures. This geopolitical circumstance dates back to the thirteenth century. It assumed its starkest guise in the Interwar period. The issue of the so-called Polish corridor, which

separated East Prussia from the *Vaterland* mainland, was the spark that lit the flames of the Second
World War. Königsberg, due to its exposed eastern position, was the first German city to bear the
brunt of the Red Army’s wrath in 1945. For centuries, the East Prussian identity had been construed
around the topos of a Teutonic outpost in an inhospitable Slavic and Baltic world. Through one of
those ironic (in its completeness) reversals of historic fortune, the Russian exclave of Kaliningrad
is currently surrounded by states collaborating with, and increasingly reliant on Germany,
including military protection, especially in the increasingly frequent moments of uncertainty about
the US commitment to the transatlantic alliance. The besieged fortress syndrome appears to have
been inherited by the now-Russian residents of the former Königsberg, especially after the EU
expansion of 2004 has turned their Oblast into an isolated island amidst the sea of European Union.
Königsberg’s *festung geist* is perhaps one of those peculiar kinds of *genius loci* that never rest in
peace. Moscow is certainly taking very concrete measures to make sure history does not repeat
itself, and that the city never changes hands again. The deployment of the nuclear-capable Iskander
missiles to Kaliningrad, in November 2016, was a signal strong enough.

Given the imposition of the post-Crimea sanctions, the arrival of fresh NATO battalions to
Lithuania and the redeployment of all kinds of land, air, sea and ballistic weaponry to Kaliningrad,
any musings about a potential revival of the Hanseatic League, even if construed as a loose allegory
like in this dissertation’s title, might be read as either wishful thinking or dry sarcasm. The region
has not seen so much confrontation, in words and action, since the end of the Cold War. But there
is a twist beneath this appearance of the same old conflict, reloaded. Kaliningrad’s underground
economy is the single largest beneficiary of the post-Crimea sanctions, perhaps apart from Belarus.
Reports of yet another record amount of prohibited *sanktsionniye tovary* [sanctioned goods],

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making it in and out of the Oblast illicitly, are sensational enough to attract global recognition. Despite the isolationist appearances and geopolitical headwinds, Kaliningrad boasts a booming economy, at least relative to other Russian regions. The city has come a long way since its desperate condition in the early 1990s, even if the hinterland still leaves something to be desired. Kaliningrad is in fact connected with Europe, in ways more extensive than meets the eye. To understand the genealogy of Kaliningrad’s outstanding ability to benefit from the sanctions, to give just one reason, further reading of this dissertation is advised.

To be clear, nothing like the medieval Hanseatic League exists today. The dissertation’s title is meant to be a playful analogy. That being said, certain parallels should be clear enough. Germany is the Exportweltmeister, the most potent export economy of all, as of 2016. The power of the German economy is felt throughout the world, but particularly in the lands east of the Oder and Neisse rivers. Poland and the Baltic states are among the major sub-contractors of the German industry and offer non-negligible export markets for their western neighbor. Not by coincidence, the four countries are also the best performing economies among the new (post-2004) EU members. Baltic ports, after the transitional turbulences of the 1990s, reclaimed their historical status as intermediaries between the technologically advanced West and the raw materials of Eurasia, and are reaping the benefits accordingly. This state of affairs is indeed evocative of the proverbial phoenix risen from the vast heap of ashes of 1945. Given the general economic malaise of Europe, especially after 2008, the region is an outstanding performer. To explain this success, most authors look no further than to the divergent paths of the post-1989 transformation or the

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2004 EU expansion. This dissertation uncovers a much older back-story, hidden deep in the never-frozen Cold War Baltic.

There is something sadly ironic about the facts that the Soviet Empire in Central Europe began by dispatching the ship- and train-loads filled with war trophies, from Germany eastwards in 1945, and ended with the rescue packages sent to the destitute Soviet population by Chancellor Helmut Kohl and his fellow citizens in 1990. This dependence on German industrial prowess and prosperity had initially been a non-factor in postwar Europe. After all, the Soviets were able to produce more T-34s than the Germans did Tigers. Indeed, the victorious Great Patriotic War was the single greatest opravdatel’ [vindicator] of the Soviet system, including the policy of crash industrialization in the 1930s.⁵ Leonid Brezhnev’s willingness to take up the glove and play along with West German Ostpolitik in the 1970s was of course a reflection of the wish to export as much of energy carriers to Europe as possible, a deal seen by the Soviets as mutually beneficial, at least. ‘Pipeline politics’⁶ turned out to be pleasantly addictive, but also pushed the Soviet economy right into the familiar, warm embrace of the Dutch Disease, as laid bare by Yegor Gaidar in his 2007 book.⁷

The confluence of insufficient grain and cheapening oil in the late 1980s is the single most important factor explaining the timing of the Soviet collapse. Nonetheless, the rapprochement between Russia and Germany continued beyond 1990, along the pattern established in the 1970s.

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The Russo-German entente reached its zenith under Chancellor Gerhard Schroeder (1998-2005). The intimacy of his ‘special relationship’ with President Vladimir Putin prodded the Polish Foreign Minister Radek Sikorski to speak of a new Ribbentrop-Molotov Pact, when the plans for Nord Stream no. 1 were being finalized in 2006. But the progress of the Russo-German rapprochement has been first halted, and then reversed under Angela Merkel’s leadership, particularly after the annexation of Crimea. With the chancellor’s visit to Moscow scheduled for May 2, 2017, the expectations are no smaller (and the forecasts: no less wildly scattered) than those preceding her visit to Washington in mid-March 2017.

In 2005, in Poland, Donald Tusk lost the presidential election to the PiS (Law and Justice) candidate, Lech Kaczyński. The polls hung in the balance, but most gave Tusk a slight advantage. Everything changed last minute. The straw that tilted the scales was the slander hurled by Jacek Kurski, fondly referred to as ‘a bullterrier of the black PR’ among his PiS party colleagues. During the last week of the campaign, Kurski, currently serving as the head of Polish state media, announced that he had discovered why Tusk’s stance was so wholeheartedly pro-European (i.e. pro-German). It was the fact that Tusk feared admitting that his grandfather enlisted as a volunteer for the Wehrmacht in 1944. By currying favor in Brussels and Berlin, Tusk hoped that the ‘German-controlled-Polish-speaking-media’ (to quote Jarosław Kaczyński) would help him to hide that shameful fact. Tusk’s grandfather, a native of Kashubia, the Polish-German borderlands (before 1939) in the hinterland near the Gdańsk Bay, did serve in the Wehrmacht. All evidence demonstrates, however, that he was forcibly conscripted and that his feats on the battlefront were limited to delivering warm soup to the frontlines. Nonetheless, Tusk lost the elections and Lech Kaczyński became the first right-wing president in the post-communist history of Poland.
Another surprise victory for the PiS followed a few weeks later, this time in parliamentary elections. The first term of PiS administration in Polish history (2005-2007) coincided with the lowest point of bilateral Polish-German relations since the 1960s. The populist-nationalist coalition, which the PiS haphazardly put together in 2005, fell apart among mutual allegations of corruption and malfeasance. A snap parliamentary election had to be called for 2007. Tusk’s Civic Platform won a decisive victory this time. A year later, in June 2008, Angela Merkel came for a brief working visit to Gdańsk, where she strolled hand-in-hand with Tusk through the boulevards of the quaint, medieval old town. After the many handshakes with the locals, both leaders reconvened at the Arthus Court, the most splendid Renaissance Merchant House in the city. Among the topics discussed were the plans to open an internationally-funded World War II museum in Gdańsk. The visit concluded with a quick cruise down the historic Motława river. The photographs of both leaders, smiling in abundant summer sunshine with the Hanseatic riverfront, restored from the ruins of 1945, in the background, promised a fresh start in Polish-German relations.

When the news broke that Tusk could be appointed as the President of the EU Council in August 2014, a function also known as the President of Europe in common parlance, many commentators spoke of a symbolic high point of Poland’s comeback to the European community. It was a long return journey from the banishment that included a 123-years-long stint under Prussian, Austrian and Russian partitions, two world wars and half a century of Soviet communism. As Tusk began polishing his English for the new job, he had little time for internal party affairs. Without his leadership, the Civic Platform stumbled into a series of wire-tapped

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scandals, reportedly coordinated from Moscow,\(^9\) which cost them the 2015 election. The Law and Justice not only won this time, but did so decisively enough to form a single party parliamentary majority, the first in Polish democratic history.

Many of the travails that subsequently befell Poland as a result did not take most foreign observers by surprise. Even the recent ‘feat’ of becoming the only EU government to (inconsequentially) veto Tusk’s reelection as the EU President (an event that will go down in history as ‘27:1’) did not astonish those who know a little about the vehement hatred with which Jarosław Kaczyński views his old political rival. But no one expected that the Poles would not be able to agree on the kind of a message that a World War II museum was going to send to the world and future generations. Alas, this is exactly what happened. The soon-to-be opened museum in Gdańsk has turned into an excuse for another partisan shouting match. The current government opined that the original conception did not highlight the uniqueness of Polish suffering strongly enough. As too cosmopolitan in its outlook, the project has been suspended and its future is uncertain.\(^{10}\)

In 2009, Vladimir Putin came to Westerplatte. In 1939, the peninsula housed a Polish military depot a few miles north of Gdańsk. The first salvo fired from the German battleship Schleswig-Holstein in the morning hours of September 1 began World War II in Europe. Putin came to participate in the sixtieth commemoration of that event. The speech that the Russian President gave on that occasion was among the first rumbles indicative of the growing Russian


\(^{10}\) The museum has finally opened on March 24, 2017 (to be soon closed again for ‘re-formatting’), but its original conception has been fundamentally redesigned in the meanwhile.
appetite for revisions. Poland brought the Ribbentrop-Molotov Pact upon herself, Putin said. Commenting on those words and their significance in the context of the Gdańsk World War II museum, Timothy Snyder recently wrote:

Perhaps the greatest surprise in the Polish government’s decision [to suspend the Museum project] is the implicit alliance with current Russian memory policy. The move to limit the Polish history of World War II to the week-long engagement with Germany at Westerplatte in 1939 [as the government wants] follows a Russian script that is entirely on the record. In a speech at Westerplatte in 2009, Vladimir Putin accepted that Poland, and not the USSR, was the first victim of German aggression. But there was an important proviso, which he has amplified several times since. The German attack on Poland, Putin asserts, was a consequence of Poland’s own dealings with Nazi Germany before the war, rather than a result of the Soviet-German alliance of 1939 (which explicitly called for the division of Poland by the two powers) and the Soviet invasion that occurred in the same year.11

Putin’s and Kaczyński’s polityka historyczna [roughly: politics made out of history] are not identical, but more and more commonalities can be seen emerging every day. A tacit alliance with another Russian ruler bent on regathering the lost lands of the ancient Russkii Mir – this is how far Jarosław Kaczyński has gone (so far) to correct the westward course fixed by his old adversary, Donald Tusk. To add insult to injury, Martin Schulz, the newly-elected SPD chief, when alerting the public to the rising tide of encroachments on the media’s autonomy around the globe, has just compared Poland to Erdogan’s Turkey. And PiS’s term in power is not even half over yet. Barely two years ago, it would have been unthinkable to hear such words from a leading German politician. This dissertation will uncover some of the roots of the conflict between the two different visions of Poland, which sprouted deep in the communist period.

With Poland divided symmetrically in half and the Poles at each other’s throats arguing about the very cornerstones of national identity, all the Baltic states quietly entered the Eurozone in the meanwhile, and seem unaffected by the allegedly Euro-induced uncompetitiveness of Mediterranean Europe. When the 2008 financial crisis exposed the structural weakness of the entire southern rim of Europe (at least in the so-called PIGS), the public’s attention moved even further away from the Baltic backwaters. Given the overlap between the South’s chronic economic condition and the ongoing Mediterranean refugee catastrophe, no news from the Baltic would have been able to make it to the world headlines, had Russia remained calm. This dissertation will touch upon the lesser known origins of this new-old conflict.

In conclusion, if Hansa, understood as a Germany-centered European common market order, still exists, it does only in some parts of the North, and it is extremely vulnerable there as well. If Wolfgang Schäuble himself admits that the Euro is too undervalued for the powerful German economy, and suggests that the time has come to do something about the growing Export-Überschuss [current account surplus], it means the problem has reached a boiling point. An examination of how a Hanseatic kind of influence successfully expanded outwards from West Germany under the leadership of Willy Brandt and Helmut Schmidt, and under a flexible currency exchange regime regulated by the most unforgiving forex market of all – the black market, might perhaps inspire some reflection on how to sustain the benign part of Hansa’s effect on Europe.

12 The best account available, see: Randall E. Newnham, Deutsche Mark Diplomacy: Positive Economic Sanctions in German-Russian Relations (University Park: Penn State Press, 2002).
2. Introduction

2.0. The Hansa Across Time and Space

Historically, most communications between distant cultures and societies have taken place across water. In the Baltic region, the coastal seaports served as key nodes in the numerous, intricate trade networks that connected various parts of Europe for millennia. The most famous among them was of course the Hanseatic League. The League was a confederation of wealthy merchant guilds and the cities administered by them. Growing out of a few North German towns in the twelfth century, the Hansa came to set the rules of trade along vast stretches of northern European shores and rivers for several centuries. In the zenith of its influence in the fifteenth century, it all but monopolized the flow of cargo between Bruges in (today’s) Belgium and Novgorod in northwestern Russia. Its merchants travelled back and forth between the kontors (offices) tucked deep in the Norwegian fiords and the grain depots exposed in the Polish plains, shipping their bountiful harvest down the Vistula river to Gdańsk, westwards to Amsterdam and onwards to the wider world.\(^\text{13}\)

In the lands of the Livonian Order alone (today: Estonia and Latvia), the Hansa serviced at least twelve kontors: Dorpat, Pernau, Reval, Fellin, Lemsal, Wolmar, Wenden, Roop, Riga, Kokenhausen, Windau and Goldingen.\(^\text{14}\) Hansa’s historical reach and limits are nowhere delineated more sharply than in Lithuania. The signs of Catholic counterreformation and Polish

\(^{13}\) For an exhaustive, recent survey, with references to most of the extensive historiography of the Hanseatic League, see: Donald J. Harreld, eds., *A companion to the Hanseatic League* (Leiden: Brill, 2015).

influence cannot be missed in Vilnius. A three-hour drive northwest to the coastal Klaipeda (Memel) transfers the traveler to an entirely different architectural world, filled with Prussian *fachwerk* and Hamburg-like *Speicherstadt*. This transition, from the areas influenced by the dissimilar aesthetic codes of Italian and Northern European Renaissances, is perhaps singularly abrupt, but also rather representative of the entire area from the Vistula river in the southwest to the Narva in the northeast. A parallel northwestern spatial relocation from Warsaw to Toruń (Thorn), or from Daugavpils to Riga, will bring similar impressions. The Baltic city of Gdańsk, at the mouth of the Vistula, stands in a similarly contrasting relationship to the old Polish capital of Kraków, near the river’s source.

In the early modern period, Gdańsk was Hansa’s largest center east of Lübeck, the main intermediary gateway between the agricultural east and the urbanizing west. Gdańsk also happens to be the birth cradle of the Polish *Solidarność* in 1980, a powerful social movement that catalyzed the end game of the Soviet Empire in Central and Eastern Europe. This dissertation will suggest that without taking a closer look at how the medieval model of eastward Hanseatic expansion has, with some modifications, replayed itself during the Cold War, the mechanics of which are the its subject-matter, our understanding of how that conflict came to an end will remain incomplete.

Hanse, later spelled as Hansa, was the Low German word for a convoy. This name was applied to teams of merchants traveling between Hanseatic cities, by land and by water. The League’s main purpose was to protect the guilds’ economic interests and diplomatic privileges in their affiliated cities and branches, as well as along the trade routes the merchants serviced. Hanseatic cities had their distinct legal, customs and fiscal systems. They also furnished their own armies and navies, for mutual protection and aid. The system’s linchpin was located in the North-German city of Lübeck. After the first general Hansa Diet (*Hansetag*) held there in 1356, the
League acquired a quasi-official corporate structure. Over the golden period of expansion that followed, the network of affiliations grew to a roster of up to 170 cities, in some form of alliance with the Lübeck headquarters.

Despite the various common features of the cities and the strong links between them, the Hansa was never a state, nor a federal organization with a degree of centralization. Structurally, it was a voluntary and non-binding association of the merchant elites, who managed each city largely independently. The status of a ‘free imperial city’ of those major Hanseatic centers that also belonged to the Holy Roman Empire, meant that they could be coordinated only weakly by the irregularly held meetings of the parliamentary assembly in Lübeck. What bound the urban patriciate and the travelling salesmen together was their common interest in the benefits of a corporate structure, and in specific business opportunities. The key privilege was of administrative character. It was the exemption that the Hansa guaranteed from the myriad tariff and border regulations of Medieval Europe, split into a tangled mosaic of thousands of principalities. It was a very attractive and convenient prospect for those among the profit-seekers who were keen on transcontinental merchant adventures, beyond their kingdom, duchy or city of origin.

Comparative economic geography supplied the second kind of privilege. Its main contour was the stream of deliveries of western manufactures to eastern consumers on the way out, and of eastern raw materials to western consumers on the way back. The high profit margin that the journey promised was a premium for delivering exotic commodities that were hard to obtain in the heart of the continent, such as salt, wax and furs. The merchants were suitably rewarded for crossing numerous natural barriers and reaching remote markets, all while relying on medieval technologies of exploration. The city of Lübeck was perfectly positioned for an intermediary role. The Öresund, the Danish Straits just north of the city, was a needle eye streamlining the flow of
east-west traffic just like Constantinople, providing the city with a consistently reliable cash flow. Lübeck, not unlike St. Louis in the period of Westward Expansion, was the last major ‘civilized’ supply depot on the Medieval eastbound route, and the first lighthouse to greet the voyager returning from the last primeval wilderness on the European continent.

The Hansa lost its clout primarily due to the discovery of the New World in 1492. The reorientation of the European economy that followed was of course gradual, but constant and hardly reversible. The winds of world history paid ever less attention to the Baltic Sea. The old Silk Road to China, via the Eastern European plain and the Eurasian steppe, lost its appeal after the Cape of Good Hope could be bypassed in a Portuguese caravel. At the same time, internal institutional problems plagued the League to no lesser extent. The fate of its richest easternmost kontor in Veliky Novgorod, sequentially burned and looted by Ivan III, Ivan the Terrible and other Muscovite tsars, foreshadowed Hansa’s ultimate demise. Its ruling merchant class was never able to translate the accumulated wealth, and the free-trading attitudes, into a political structure that would ensure the League’s viability in the long-run. Not unlike its larger cousin, the electoral Diet of the Holy Roman Empire, the Hansetag grew ever less capable of reaching a consensus, while the Hanseatic courts – of executing the League’s laws. Their common tradition, values and language were not enough to keep the widely-scattered cities united. Ultimately, they were torn apart by irreconcilable forces pulling them in centrifugal directions.

With the arrival of the railway in the nineteenth century, the importance of sea routes seemed to be destined to decline. In consequence, most Baltic cities had their logistical profile reoriented in line with the geopolitical and economic priorities of their respective national and imperial centers, predominantly those of Wilhelmine Germany and Romanov’s Russia. Königsberg was now clearly subordinated to what Berlin considered to be of national interest. Riga
was in the same relationship with Saint Petersburg. With the opening of the Kiel Canal (1895), which shortened the sea journey from Hamburg (North Sea) to Lübeck (Baltic) by some 300 miles, the privileged position of Denmark (in particular) and Scandinavia (in general) seemed to be relegated to the annals of history. The spheres of influence in the Baltic region were shared more or less equally between two great powers: Germany and Russia. Not much portended that this balance of power would ever budge. Furthermore, “the role of the Baltic Sea as a connecting medium was reduced and the whole area became a zone of weakness in the European geographic system.” This basic truth was stipulated by Walter Christaller (1950) in his influential essay *Das Grundgerüst der räumlichen Ordnung in Europa*. For Christaller, the Baltic Sea was a borderland that separated, not united, four distinct regional and cultural systems: the German, the Polish-Baltic, the Russian and the Nordic.

By the time Christaller published his essay, the Cold War had further widened the gap between the northwestern and the southeastern shores of the Baltic. Not insignificant was the fact that some areas profited handsomely from supplying the Nazi war machine with rare metals (the *svensk tiger* syndrome), while others were bombed into oblivion. German reputation east of Germany seemed forever tarnished by Nazi barbarism. The sinking of the MV *Wilhelm Gustloff* in 1945, with over ten thousand evacuees from East Prussia onboard, seemed to provide a tragic coda to seven centuries of German presence in the region. In 1945, it looked like the time-honored ties and links, already badly damaged by the Great Depression, trade wars, protectionism and economic nationalism, were now broken beyond repair. In the 1950s, only a very imaginative

observer would have been able to spot some common historical legacy shared by Bremen and Kaliningrad.

Even if such perceptive observers could be found, the future trajectories of the western and the eastern shores of the medieval Hanseatic patrimony seemed as divergent as conceivable. Even without the destructive and disintegrative effect of both World Wars, the Ostseeraum, as the Baltic region is called in Germany, had been long dismissed as a “nebenschauplatz der Geschichte,” a sideshow of history. This understandable condescension can also be detected in the region’s English-language historiography. On top of all this destruction, disintegration and provincialism, the politicians who lowered the Iron Curtain upon the European continent, not only southwards to Trieste, but also northwards of Szczecin, then erected all kinds of tangible and intangible barriers to further divide what used to be a common market, even if the ties had already been more tenuous in 1913 than in the golden days of Renaissance. By the 1950s, the Hanseatic realm reached a historic nadir. For all practical purposes, it was relegated to medieval history textbooks.

In the postwar period, the Baltic remained a backwater of world history, but due to the intensifying Cold War standoff, it unexpectedly assumed a new significance. It turned into a shatter zone of superpower confrontation. Nuclear submarines and naval maneuvers did attract a degree of global attention unseen by the Baltic since the Great Northern War. Amidst the fog of war and the smokescreen of battle, low-profile undercurrents of grassroots economic exchange – the subject-matter of this dissertation – could hardly be spotted by contemporary observers. It was the case also due to the simple fact that they were not meant to be seen, because they were illegal, underground (or occasionally: underwater) or politically incorrect, or usually: some mixture of the

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three. Those integrative undercurrents remain neglected in historiography as well. “So far, there has been no attempt to study the Baltic as a region transcending the Iron Curtain, and to examine the various transnational threads. The influence exerted by the zeitgenössische view of the Baltic during the Cold War as a “Nicht Raum (oder […] als historischer, vergangener Raum)” [a non-region, or a merely historic region] on current historiography is still strong. The single most important explanation for this lack of receptivity to the integrative capacity of the Baltic, according to the German historian Klaus Zernack, was the sheer effectiveness of the Iron Curtain metaphor. “An integrative view of the region as a whole, due to the geopolitical reality of divided Europe and the hostile political discourse between East and West, was not an option.”

Zernack has portrayed the entire 1945-1989 period as a frozen conflict with little interactions available along the lines of the Hanseatic blueprint. This limited perspective began to change as the Cold War drew to a close, also through the popularization of approaches such as entangled history, 

Histoire croisée or Verflechtungsgeschichte. The discipline as a whole witnessed the arrival of a new sensitivity to, and a growing appreciation for, transnational networks and global interconnectedness, with their default regional perspectives transcending the traditional focus on nation-states. Klaus Zernack was among the trend-setters in this respect as well. The German scholar picked up the seemingly anachronistic term Nordosteuropa in the 1970s, and

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alerted his colleagues to its enduring usefulness as an analytical tool. Zernack was among the first who paid attention to the Baltic Sea as “an integrative historical factor,” and as “a proto-arena of European interaction.” He emphasized the role of maritime interactions as a force that brought people closer together, rather than further apart. Zernack idealized the Hanseatic era, however, and excluded the Cold War as a period when the integrative potential was an impossibility a priori. To his defense, he could not have been aware that the Cold War also brought people and places closer together, admittedly in unexpected ways. He also might have had to follow the politically correct line of his place and time. My dissertation will begin to remedy this zeitgeschichtlich blind spot.

One of the goals is to question the common wisdom of the ‘Cold War freeze in the Baltic’ interpretation, and to show how strongly the integrative tendencies were at work at the time, usually beneath the geopolitical or military dimension. I follow in the footsteps of Lars Fredrik Stöcker, who argued that the transnational phenomena (specified in more detail below) were merely pushed under the surface of the more headline-grabbing events. While there, they were slowly but steadily operating, affecting, and changing the entire region, invisibly and sometimes illegally. In consequence, various kind of links between communist and capitalist Europe had been forged and ultimately – brought the two worlds on a path of renewed convergence. In short, a Braudelian history of capitalism in the Baltic can and should be written, also for the Cold War period.

Those links had to remain under a low profile until 1989 by definition, but when they were released from their political confines – they exploded to the surface of political life with a


21 Lars Fredrik Stöcker, “Eine transnationale Geschichte des geteilten Europa... ,” 256.
vengeance, creating hothouse conditions conducive to the lightning pace of European integration in the 1990s and 2000s. To be precise, to say that those links were released in 1989 would be inaccurate. The people who established and maintained them actively contributed to making 1989 and 1991 happen. They did it by eroding the politically imposed barrier in the center of what used to be a common historic region and a common market. The post-1989 period ushered in a veritable mania of international city partnerships, and in the exploitation of the Hansa brand as a marketing strategy. Tallinn is perhaps the leader of employing the Hansa trademark in vying for foreign tourists and investors.\textsuperscript{22} Presenting itself as Hanseatic is a reflection on the city’s proud past, but also an aspirational statement aimed at becoming a part of Europe ‘again.’ Both are merely a delayed reflection of the pre-existing tendencies that could hardly be expressed in public in the earlier era.

It should come as no surprise that numerous cities from Antwerp to Tallinn advertise themselves as Hanseatic today. It is not only a reference to their heritage. It is also the case because there are many features of the EU project, as well of the global capitalist world order in general, that correspond to the Hanseatic tradition of free trade, exchange and cooperation. The League is often portrayed as a precursor to the EU, especially in the German media.\textsuperscript{23} The Hansa is presented (and sometimes idealized) as a voluntary federation of independent subjects, based on their common interest organized around the proto-Smithian principles of exchange and division of labor within a common market. Not coincidentally, the original EU design had its roots in this simple

\textsuperscript{22} Martin Aberg, “History, Nationalism, and the Rethinking of Cities in the Baltic Sea Area Implications for Regionalisation and Cross-Border Cooperation,” in: Martin Åberg and Martin Peterson, \textit{Baltic Cities: Perspectives on Urban and Regional Change}…, 119.

idea, and began encountering widespread institutional and societal backlash, just like the medieval Hansa, after the original trajectory evolved toward more political uniformity and regulatory prescription. The EU has been at the crossroads for a while now. Few disagree on the nature of the fundamental dilemma: either Brussels will be able to enforce more political commitment and unification among its 27 member-states, or it might as well consider returning to the more modest Hanseatic blueprint. This dissertation should leave little doubt which option the author believes to offer a more realistic alternative.

It is not only Hansa’s innovative confederative model, something that worked well for several centuries, that is worth a reflection. Its ultimate demise might also serve as a warning. The League disintegrated mostly because it had little disposable political or military clout and no effective centralized governing authority and structure. After the global trade patterns began to shift toward the New World after 1492, common tradition was not enough to keep the member-cities together, undistracted by other prospects pushing them in divergent directions. In the end, free cities were devoured by larger state structures, especially by the vast land empires of Eastern Europe, and by the enlightened absolutisms of Central Europe. Even if the proud city of Lübeck did not let Adolf Hitler in for a campaign rally in 1932, it saved the Hanseatic capital neither from being submerged into the larger Nazi leviathan, nor from the Allied bombers ten years later.

Since the existence of the real Hanseatic League today does not extend beyond history books, scholarly debates and marketing campaigns, the limits to the allegory suggested in the title are perhaps more obvious than its applicability. Of course, during the Cold War there was no federation of cities like in the Medieval age. There was no coordinating center such as Lübeck’s Hansetag, no common laws and no common treasury. What was present in their stead were various kinds of low-profile connections, commercial and cultural, organized and individual, official and
unofficial, keeping the fragile lifelines alive across the Iron Curtain. Not unlike the medieval Lübeck and the Danish Straits, the Kiel Canal became the focal point of the East-West confrontation, but also of exchange, even if the exchange of compromised spies was the most common transaction.

When a closer look is taken at the Cold War networks, an interesting pattern emerges. The more regular a connection, the higher likelihood for genuine and impactful cross-border cross-fertilization to emerge. In this context, the West German ports of Kiel, Bremen and (especially) Hamburg exuded a magnetic kind of attraction on their eastern cousins. This pull factor, combined with the push factors in the East, stirred a considerable amount of movement, legal and illegal, across the Iron Curtain. To give just the most obvious example, Hanseatic cities, and the maritime routes between them, were the scene of many a Cold War spy game. Hamburg and Kiel served as major intelligence headquarters of the Western alliance. Consistently throughout the period, the regular cruise lines to West Germany were singled out by the KGB, for example, as a serious intelligence threat, due to the permanent business and personal contacts that could be established there outside of state control.

The heroes of this dissertation, the spying-and-smuggling mariners, were important players in the Cold War game, even if they were mere foot soldiers. But there was more to it than the mystique and intrigues of secret services. While maritime contraband has been a set piece of the game in the region since time immemorial, the Cold War’s innovation was that the foreign-bound sailors could be in fact (subtly) encouraged to take advantage of this time-honored professional perk. Why? Because if caught, their case provided materials potentially compromising enough to recruit them to serve for other purposes, behind enemy lines. They might have been perceived as disposable pawns by their patrons, the CIA or the KGB. Still, the commodities, ideas and values
they trafficked between their home ports and foreign destinations had profound, subversive or catalytic, influence, for reasons discussed in detail in all the chapters. Both sides of the Curtain are included in this analysis, but most of attention is dedicated to the destabilizing potential of this cross-border mobility on societies on the Eastern side.

Even if there was no official Cold War Hanseatic League, many permanent, transnational links binding former Hanseatic cities were real enough. They had an impact that has been little studied. Those links were established usually on the margins of the framework of inter-state relations. In other words, a majority of them could not have had a chance to form without some cooperation between larger units (states, state-controlled firms or large corporations) being present in the first place. The more inter-state contacts, the more of détente permissiveness and eagerness to maintain them, the larger the volume of traffic between East and West, the more room there was for individual citizens to engage in something extra on the side. While inter-state relations were the sine qua non, it will be the relationships between non-state actors that will be studied in depth. The state will remain in the background as a law enforcement officer, and the final judge of what was allowed, and with whom. James Scott’s ‘seeing like a state’ is a valid metaphor for the kind of a perspective that the state-generated documents studied here permit to unfold.\(^\text{24}\) The state is thus not the primary mover, but a keen observer and a Foucauldian policeman penalizing actions that, one way or another, went beyond what was acceptable or legal.\(^\text{25}\) So far, most of scholarly


interest has been dedicated to the so-called ‘commercial tourism’ on the European continent via land routes, with the maritime channels receiving recognition only in passing.\textsuperscript{26}

The mechanism rendering the Cold War operations of Hanseatic-type attractive, despite the high risk they implied, was simple. They usually involved commodities, ideas or actions that were inaccessible in one of the worlds separated by the Iron Curtain, precisely because of the Curtain’s existence. This basic fact of life rendered some transactions extremely profitable, as they helped to fill an artificially created marked vacuum or transferred an innovation already well-tried elsewhere. Furthermore, such operations, especially profit-oriented exchanges between non-state (not to mention individual) agents were rare, hard to establish, and even harder to maintain. When they did take place, they could probably not be (or better not be) made public knowledge. This fact alone left with scholars with little choice but to wait for the more informative classified materials, or unpublished memoirs, to be released. This fact, in turn, explains both the timing and the empirical innovation of this dissertation.

While there is no new Hansa today, there are certain parallels and contrasts with the Medieval and Early Modern periods, certain continuations and reversals, which, even if developed merely as heuristic tools, help to learn something new about the region’s recent history. The Hansa always had to struggle with powerful states (Denmark, Muscovy, Poland-Lithuania, Sweden, to name just a few), for political influence and for market shares. During the Cold War, Hanseatic connections had to run within a paralleling kind of a shadow of state interactions. All international contact was a priori heavily politicized and the so-called (by communists) ‘private initiative’ of

\textsuperscript{26} For two best, recent volumes, see: Simo Mikkonen and Pia Koivunen, \textit{Beyond the Divide : Entangled Histories of Cold War Europe} (New York: Berghahn Books, 2015); Włodzimierz Borodziej, Jerzy Kochanowski, Joachim von Puttkamer, eds., \textit{"Schleichwege" : inoffizielle Begegnungen sozialistischer Staatsbürger zwischen 1956 und 1989…}
risk-seeking citizens was seen as a challenge to the holy grail of ‘the state monopoly of foreign trade,’ an axiom enshrined in the constitutions of socialist states. On the Western side, the strategy of containment often prevailed over engagement, rendering any contact with the communist world suspect by definition, especially in the era of McCarthyism. The chief enemy of profit-making were not the Gotland pirates or prohibitive tariffs any more, but communist ideology of state-run collectivism, not to mention the utopia of a money-less society.

Smuggler-sailors were among the pioneers of trans-Iron-Curtain trafficking, a phenomenon that became endemic to the region in the 1980s.27 The original Hanseatic League had nothing to do with smuggling. On the contrary, smugglers and pirates were the sworn enemies of the Hanseatic Rechtsstaat, the cheaters who robbed the honest brokers out of customers and profits. The medieval Hansa had much more to do with the business ethic of transparent competition, respect for foreign partners and the established rules of the game. But in the world of communism, smuggling was, paradoxically, one of the few ways for a citizen to launch a ‘private economic initiative’ that went beyond what was prescribed as socially desirable in the halls of power. In the fifteenth century, the high rate of return was a reward for crossing great distances while facing many an existential peril along the way. Under communism, the technology or distance was not a big problem. The main barrier was politically generated. This did not diminish the arbitrage window of opportunity on both sides, to the contrary.

Another topos with which Hansa is loosely related is what might be (provisionally) called the Smithian sentiment: appreciation for petty-bourgeois comforts of urban life, a Buddenbrooks-

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27 For a colorful description of the zenith of those developments in the late 1980s, see: Ursula Weber, Der Polenmarkt in Berlin: zur rekonstruktion eines kulturellen Kontakts im Prozess der politischen Transformation Mittel- und Osteurpas (Nuried: Ars Una, 2002).
like, pragmatic, burger mindset. In the political sphere, chancellor Helmut Schmidt can perhaps be recognized as a stand-in symbol for this shade of Hanseatic meaning. This topos is of course related to the old division of Europe into Protestant and Catholic parts, as well as with the Weberian Protestant work ethic thesis. While this theme will not be pursued much further, it is worth keeping in mind that cities such as Gdańsk or Riga used to be Protestant (or Calvinist) bastions in a sea of Catholicism. Poland is a particularly striking case in point, where the anti-pecuniary moral sentiments (and just sentiments) of the Catholic Church mashed well with communist critiques of capitalism. This was perhaps the only platform where this unholy kind of alliance between the two could be established. The basic motive prodding transnational Hanseatic merchants onward to adventure was profit. But the Hanseatic project was not just about profit. It was also about free cities, self-governance and transparent legislative order. This tradition of self-governance was not something Stalinist apparatchiks would have appreciated, had they been aware of it. It was also inherently incompatible with the traditional Polish state-idea. That idea was defined by landed interest and eastward expansion toward the black-earth soils of Ukraine, with its abundant reserves of enserfed labor, not to mention the centuries of contempt for petty-bourgeois comforts of urban life exhibited by Polish nobility, clergy and communists alike.

The amateurs of maritime contraband were among the original creators of the undercover growth engines of capitalism under socialism. Foreign sailors and other maritime professions, including fishermen, were the movers and shakers who pioneered the transformation of the system from within, much before the explosion of ‘wild capitalism’ in the 1990s. Untaxed profit was just


one aspect that made their practice disruptive to the stasis of command economies. Not unlike with the case of alcohol in America under prohibition,\textsuperscript{30} consuming the forbidden Western fruit by a socialist citizen was merely the primal sin. Especially if consumed conspicuously, it initiated a long chain reaction of societal knock-on effects, from fashion trends to family values and gender division lines. It was not only an intrinsically provocative action due to the ideological prescriptions of communism, but also, for example, due to the predominantly Catholic moral code (in Poland or Soviet Lithuania) or the relics of feudal-agrarian social structures all across Eastern Europe.

Historians have written so many books on Cold War’s summit diplomacy and high politics that another one seems hardly necessary. It is true that few Hanseatic interactions would have happened had the Stalinist travel freeze or the autarchic economic model continued beyond 1956. While the shifts and turns of the superpower confrontation will always remain in the near background, they will not be in the center of attention. The spotlight will be cast on people who tested the limits of ideology, but not by publishing a political manifesto and landing in jail for years, but by running a small business on the side, to the (sustainable!) benefit of their customers and their own pockets.\textsuperscript{31} It was a test of ‘socialist legality’ by other means. Those transactions, in their critical aggregate mass, contributed to the erosion of the system to no smaller extent than the more political forms of resistance or dissidence. They imploded the centrally planned economies


\textsuperscript{31} Smuggling of politically subversive materials, as opposed to the trafficking violations of financial nature, will be included in the dissertation as an important category, but it will not be in the center of attention.
from within and in consequence – brought the West and (some parts of) the East closer together again.

2.1. Post-German Communism

Another meaning of the term Hansa is of course related with the theme of German presence – economic, colonial, cultural, architectural or any other – in Central and Eastern Europe. In the period under examination here (1945-1991), the term subsumes two interrelated sets of phenomena. The first is the magnet role played by Hamburg and other West German (Bremen, Kiel, Lübeck) port cities, as well as its former non-German western branches (Antwerp, London, Amsterdam, Oslo, to name a few). As such, the implications of the term are not limited to German provenance or affiliation. The term pertains to the entire northern European trade realm, with Germany at the center of the network. The second is the internationally mobile milieus of Hansa’s historical eastern kontors, with particular emphasis on the residents of Tallinn, Riga, Klaipeda, Kaliningrad, Gdańsk, Szczecin, and Rostock, and the effects of their merchant adventures on their respective societies, in their specific urban setting and beyond.

Just as there are two sides to the Hanseatic coin geographically, there are two temporal dimensions as well: contemporary and historical. The first pertains to the German Wirtschaftswunder spreading its influence eastward through maritime channels. The second pertains to the topos of German past in places that either used to be a part of Germany politically,

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or were in some other ways significantly affiliated with the German-speaking world. In other words, this dissertation will examine how the present was affected by the different degrees of entanglement with the German past, and the different levels of its postwar \textit{ausarbeitung}, that is – the various ways in which the German past kept being an issue.

A common point of departure for all the Baltic cities that found themselves in the communist zone after 1945 was a radical break with the past. A substantial degree of German past was also their common denominator. On the communist side, this study stretches from Leningrad in the northeast to Rostock in the southwest. The German past needs no further comments for cities such as Gdańsk or Szczecin, but it is far from obvious for Leningrad. Peter the Great’s infatuation with the Dutch maritime tradition, with all the seminal consequences of that youthful exuberance, might be seen as the outer limit of the malleability of Hansa as an umbrella term. Casting such a wide net necessarily dilutes the allegory’s precision, but it is not meant to be precise. If a broader definition of Hanseatic influence is adopted, St. Petersburg’s history can very much be seen as entangled with Hansa. A look at the kaleidoscope of the city’s numerous renamings is sufficient to conclude that the German context played a role in its history.

Tallinn and Riga hosted large communities of Baltic Germans before the Second World War, but both were not a part of a German-controlled political body since the Livonian Order was secularized and vassalized by the Polish-Lithuanian commonwealth, after the Treaty of Vilnius in 1561. Klaipeda (Memel) represents a middle point on this spectrum, especially given its turbulent interwar past. Kaliningrad lies on the other extreme as the Ur-German city in the Baltic, the crowing cathedral of Prussian kings. Similarly – Szczecin, the birthplace of Catherine the Great,
had been a part of the German political world (with a Swedish interlude) since the Medieval age. Gdańsk lies somewhere in between the extremes of Königsberg and Leningrad. Leningrad, the furthest stretch of the Hanseatic allegory, was a city that returned to life after 900 days of traumatic siege, a *stunde null* moment that it shares with other Baltic cities. 1945 was indeed a year zero for many of them. In 1945 – Königsberg, Stettin and Memel lost virtually all of their prewar population, Danzig – ca. 92 percent.\(^{33}\)

This dissertation will demonstrate how, by ‘solving’ the initial postwar problem of ‘re-Polonizing’ or ‘Russifying’ a part of the German world and ‘normalizing’ the relations with the FRG in the early 1970s,\(^{34}\) the communist regimes unwittingly stumbled into an even more problematic issue. The German context evolved from being a problematic (but historical) curiosum to offering an aspirational model, mesmerizing socialist citizens with the prospect of economic prosperity and European integration. This switch turned out to be profoundly consequential when the Soviet alternative increasingly failed to deliver in the 1980s. This dissertation will look at both ends of this evolution. It will not follow the well-trodden ground of international relations on the highest level, but instead it examines the unofficial and maritime channels of cross-influence between West Germany (and the former Hanseatic realm) and the Baltic shores of three East Bloc countries: Poland, the Soviet Union and East Germany, in this particular order. In the context of providing the conditions of possibility for the aforementioned shift to materialize, Willy Brandt’s


Ostpolitik was the sine qua non. This dissertation will highlight some of the grassroots mechanics of transmission of that policy, from cabinet halls to the streets of Baltic cities. While it will pay attention to all four decades of communist postwar history, from Stalinism to Gorbachev’s perestroika, the significance of the early 1970s should emerge as a key inflection point.

The survey concludes with Rostock in the southwest, the main international seaport of the GDR. The city did not experience such a violently sudden metamorphosis as Stettin or Königsberg in 1945. The degree of rupture of the prewar social fabric was also significant, but it was not torn as severely as it was the case east of the Oder-Neisse border. In less extreme ways, 1945 was nonetheless a new opening for the city. The genuinely new start came in 1960, after the completion of the Überseehafen, the Republic’s main international maritime terminal, and the construction of the Wall in 1961, which endowed Rostock with new significance as one of the Republic’s few gateways to the wider world. By the 1960s, the completely improbable matrix of geopolitical earthquakes from the first half of the twentieth century catapulted this third-rate provincial port into being the main overseas terminal of the second largest German-speaking state, with numerous implications for the region and for the Republic.

This study will trace the parallel and divergent trajectories of those Baltic cities from their relatively similar point of departure in 1945. After 1945, the communist controlled post-German territory had been turned into a testing ground for an extraordinary social experiment. In the eyes

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of the communist planners, those lands were not much besides an an emptied space, ready to be molded in whatever fashion deemed desirable. It was soon to be populated with people alien, in all kinds of ways, to the environment and its traditional socio-economic profile. The planners were equipped with a set of radical prescriptions, written in Moscow, on how the new, model society should be organized. Those in-vivo-like laboratory conditions provide rich material, also for historians, to trace how the specific elements of the common ideological blueprint functioned or failed to function, given the relatively common starting conditions. In other words, it gives a scholar the chance to examine how effectively the ideological straitjacket could be enforced, whether and how it depended on the specific national context, and to check how the respective outcomes compared a few decades later. In the preface to his book on the Sovietization of Polish, East German and Czechoslovak educational systems, *The Captive University*, the historian John Connelly wrote: “[in] their slavish duplication of Soviet experience, East European Stalinists unwittingly created a veritable laboratory for […] comparative study: the tremendous pressures for uniformity in effect controlled for politics, helping to isolate certain variables that have suffered neglect in studies of political development.” A similar methodological point of departure applies to this dissertation. This externally applied pressure for uniformity, especially between 1945 and 1956, led to surprisingly different outcomes a few decades later.36

The communist future was dreamt to become history-free one day. As the Polish poet Czesław Miłosz remarked, “the ideal [communist] citizen should appear out of nowhere, have no tradition or memory. His ancestors, the father or mother he did not pick or choose: the rabbi, the

house-owner or the miller, could not only hurt, […] could only turn into the cause of death or misery.” The Hanseatic tradition was initially frowned upon, in the politically correct Stalinist way, even in Rostock, but that self-denial only lasted two decades. The local soccer club’s name was changed to F.C. Hansa Rostock already in 1965. A similar relationship was true of the Prussian legacy, which was initially an anathema, until Frederick the Great’s statue was eventually restored to its original spot under Den Linden in 1980. In the 1990s, cities as diverse as Antwerp and St. Petersburg began to brand themselves as Hanseatic. This dissertation will study the long journey from ‘finishing the fascist beast off in his den,’ to quote from Stalin’s speech from November 1944, to this pan-European Hanseatic appreciation chorus half a century later. Was there more to this reversal than the sheer generational change over time? Was the need to establish some kind of a connection with the history of their new hometowns so pressing, that it could not have been withheld by the ideological prohibitions indefinitely? Was the search for historical identity and belonging the main driving force of that evolution? Was the feeling of spatial and temporal uprooted-ness weighting too heavily upon the new residents of the post-German territories?

Polish communist propaganda had it that, by 1956, the Recovered Lands had been fully integrated with the motherland. A major assumption underpinning the entire argument, supported by evidence presented in Chapter I, will be that this statement could not have been further from reality, and that this publicly repeated wishful thinking had fateful impact on Polish postwar

37 Czeslaw Milosz, Rodzina Europa (Kraków: Wydawnictwo Literackie, 2001), 27.


history. A study of internal correspondence between communist officials tasked with the mission of making them Polish ‘again’ clearly shows that propaganda was one thing, reality another. These documents reveal all kinds of worries about the stark contrasts between the ‘old Poland’ and the newly-annexed Recovered Lands.\(^{40}\) It was intrinsically unpatriotic to publicly underline any differences between Szczecin and Cracow or between Gdańsk and Warsaw. By spreading this premature news of mission accomplished, the regime lullled itself into a sense of security. By closing the eyes to certain grassroots phenomena already underway for many years, and particularly strong in the Baltic port cities, the regime was caught off guard, both in 1970 and in 1980.

The greatest paradoxical reversal of historic fortune concerned the smaller, brotherly German state, the so-called Red Prussia. Statutory, brotherly friendship with the GDR was aptly paraphrased by Poles as \(\text{przyjaźń nakazana}\), prescribed friendship.\(^{41}\) Western German lands, such as Adenauer’s native Rheinland, had a record of being sympathetic to the nineteenth-century Polish romantic-liberal cause, long suffering under the Prussian boot. Westphalia was the second home for many Polish diaspora communities, especially among the industrial working class. This part of Germany was officially declared the public enemy number one, while the Prussian rump was to become a friend, a situation so unnatural that the longer it had been maintained, the more ripples its ultimate collapse was bound to produce.

\(^{40}\) See: The TRZZ papers in the AAN (Archiwum Akt Nowych) Archive in Poland, quoted in detail in Chapter I.

After World War II, Poles were very interested in convincing the world just how quickly and irreversibly they were capable of transforming the Recovered Lands into a core national territory, and so where the Russians in Kaliningrad. Analogously, narrating the prewar history of Königsberg was an intrinsically problematic exercise. Despite the most creative attempts of Russian historians and archeologists, the Russian connection in the history of the Oblast was too scant to create a believable ‘return to the motherland’ fable. The Oblast was nothing else but a war booty, the only Soviet ice-free port to be inhabited by a population not affected by the Ribbentrop-Molotov Pact, and a just-in-case stratagem to keep Poland’s access to the sea in check, as envisaged by Stalin’s masterplan. Kaliningrad’s postwar history, in general, is a lacuna in the English-language historiography that needs to be addressed, in its own right. 

As Vladimir Lenin remarked, the past could suddenly turn out to be equally unpredictable as the future. Nowhere was this pun more relevant than in the ‘Lost German East’ after 1945. A regular resident of Kaliningrad or Szczecin could never be really sure what the politically correct way of speaking about the German past currently was. This situation was even more complicated in the Baltic republics, where the level of collaboration with the Nazi ‘liberator’ was relatively high. This historical fact was theoretically a taboo topic, but in internal affairs – it often was a factor used by the external (usually Russian) administrators, in their attempts to achieve a position of moral commanding heights over the independent countries doubly annexed by the USSR, in

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42 For the best currently available scholarly account, see: Per Brodersen, *Die Stadt Im Westen : Wie Königsberg Kaliningrad Wurde* (Göttingen: Vandenhoeck & Ruprecht, 2008).


1941 and in 1945.\textsuperscript{45} Therefore, the prospect of a German-Baltic alliance was both a historical fact and a potential threat, certainly in the eyes of the Russians. Tellingly, many Soviet spy films have a Baltic German starring as a hero serving the Soviet Union behind enemy lines – a rare phenomenon historically speaking, and an example of aspirational kind of thinking.\textsuperscript{46}

The documents quoted in this dissertation demonstrate that the issue of the German past was more than symbolic, architectural or educational. It was also more than a problem of how a body politic such as a large city narrates its own missing past, a historical kind of amnesia. It was also an everyday reality due to the simple fact that some of the former residents eventually began coming back for visits, and did so increasingly often and sometimes uninvited. They knew how to navigate the narrow, cobbled streets of their hometowns very well. This fact alone was enough to classify them as a serious intelligence threat by the communist secret police. While there is a metaphorical dimension to the dissertation’s title, a much more tangible meaning of the Hanseatic allegory also exists. On the other side of the Curtain, the émigré, bilingual Baltic Germans were an invaluable resource, employed in Kiel and Hamburg as intelligence officers working for the Western alliance. With time, they had more opportunities to return, revisit the paths of their youth and renew the old connections. Even regular West German deck-hands were fabulously wealthy in the local eastern context. They were often looking for a partner to take back to Germany and marry. Some were prepared and equipped by the BND, the Bundesnachrichtendienst, and sent out with specific reconnaissance or espionage missions. All the communist secret services under study

\textsuperscript{45} Vide: Timothy’s Snyder concept of a double zone of occupation during World War II, see: Timothy Snyder, \textit{Bloodlands: Europe between Hitler and Stalin} (New York: Basic Books, 2010).

\textsuperscript{46} Vladimir Basov, \textit{The Shield and the Sword} [TV Series], 1968.
here, the Polish SB, the KGB, and the Stasi, remained veritably obsessed with what they saw as an incessant intelligence threat incoming from that direction.

The many subplots of this dissertation revolve around the larger topos of Russian imperial overextension in Central Europe, which had backfired badly enough to roll back the imperial project to its eighteenth-century confines by 1991. The Soviets saw Poland and Berlin as their greatest war trophies. Both became the heaviest burden by the 1980s, especially because the latter had to be maintained either through the former or the Baltic. This impossible situation led Valerie Bounce to write an insightful article with a telling tittle: *Empire Strikes Back*.\(^4^7\) The key to understanding Stalin’s strategic masterplan was the specific timing of its origin. It began to germinate in the dictator’s head exactly when the future of Germany was at its most uncertain. The realistic outcome the Soviet leader could have hoped for was to keep the defeated nation neutral. To maximize the already-certain Soviet gains, Stalin annexed a large chunk of Germany through the Polish satellite. This move also validated the Soviet so-called ‘Liberation of Western Ukraine and Belarus of 1939’ with the same stroke.\(^4^8\) By shifting Poland west, the Soviet leader effectively established a permanent blackmail over Poland via the always (hypothetically) possible withdrawal of Moscow’s support for the country’s territorial integrity, which meant that Poland would have to face German revisionism alone. With Poland and Germany effectively cancelling each other out as potential enemies of the Soviet Union, Stalin was addressing what he saw as the


perennial Achilles heel of Russia’s geostrategic predicament: ‘the Polish invasion corridor,’ as the Generalissimus put it during the Yalta Conference of 1945.\textsuperscript{49}

In an ironic twist, it was exactly in the post-German cities where the Solidarity movement started to grow in 1980: Gdańsk, Szczecin, Elbląg, Jastrzębie (Upper Silesia), Wałbrzych, Wrocław (Lower Silesia), precisely in that chronological order. As the sociologist Roman Laba remarked in his excellent study \textit{Roots of Solidarity}, much has already been written about opposition in communist Poland, but there has been very little examination of the specificity of the Baltic Coast.\textsuperscript{50} My dissertation will not study the intricacies of the geopolitical entanglement that ensued after Stalin’s masterplan was put into practice. It will be described in detail in my second book \textit{Stalin’s Gamble that Failed: How Moving Poland West Led to the Collapse of the Soviet Empire}. This dissertation, while taking the geopolitical context into account, focuses on the emergence of socioeconomic tensions in the Baltic port cities, which were strongly related to the illicit kinds of Hanseatic phenomena outlined above. Both need to be taken into account, because both had a simultaneous impact, in time and in space. It was precisely the confluence of the large geostrategic contours rooted in the Yalta world order and the street-level phenomena that contributed to the birth of Solidarity in Poland, and to the independence of the Baltic States in 1991.


Willy Brandt came to Poland to sign the first postwar (and preliminary) border treaty on December 7, 1970. His visit was followed by the outbreak of the December Protests in Gdańsk a week later. In June 1976, Edward Gierek went to Bonn and, while there, announced that Poland would be extended another 3 billion DM of loans. Then days later, the Radom riots broke out. The December Protests and the Radom Riots were the two most important preludes to the birth of Solidarność in 1980. True, both events were caused primarily by the announcement of price increases, not by foreign relations with Germany. This dissertation will show, however, that the causal connection between the two was more than coincidental, and certainly less so than recognized so far by historians.

The Polish-German rapprochement was essentially about lowering the high moral profile of the Poles in return for financial support from the Germans. The relation between that foreign policy trade-off and the domestic (in)stability was in fact the fundamental problem of the communist regimes in the 1970s and the 1980s. The special ‘manly friendship’ with Helmut Schmidt defined the late 1970s and early 1980s for many a communist minister of foreign affairs, but especially for the countries under analysis here: Poland, East Germany and the Soviet Union. Yet there was something inherently wrong about that strategy of rapprochement with the West, especially with West Germany. It was simply not a part of the original Yalta design, especially after the post-1949 reality of two German states became a fact of life. It was hard-wired not to be a viable option. Communist leaders have apparently neglected to read Henry Kissinger. One could not hope to have such a volte-face in foreign policy without serious implications for domestic policy. It violated the very core of the Kissingerian paradigm of correspondence between foreign

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and domestic politics. It was exactly when the communist ancien régimes tried to liberalize that they started running into trouble, not when they cracked down with brute force, confirming Montesquieu’s astute reflection on the causes of the French revolution.

To be sure, the détente rapprochement between East and West was not an idea that originated from Moscow. It was the West that designed and deployed the strategy of selectively penalizing the bad-behaving and rewarding the good-behaving regimes by interchanging carrots and sticks, the positive and negative economic linkage. Especially Gierek’s Poland earned a reputation for being ‘relatively liberal’ compared to the other regimes of the Bloc, which was conducive to luring the country into swallowing more hard-currency debt than it could digest. As the debt-trap became tighter in the late 1970s, the regime hesitated to crackdown on the growing opposition, also because the West promised to continue financial support only if human rights were respected. The human rights paragraphs of the Helsinki Accords thus turned out to be more than just pretty words on a piece of paper. This was the grand strategy of détente in a nutshell – political liberalization in return for hard currency.

The early 1980s were seen as a crisis of détente. Reagan’s presidency should not be viewed exclusively through the prism of the first term, however. His concert of summit diplomacy with Gorbachev was very much a continuation of détente by slightly different means, with the ground already appropriately prepared by putting a few of the Soviet satellites into a hopeless debt-trap situation. This dissertation will take a closer look at the internal debates among high Soviet

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bureaucrats on the eve of the 1980 Moscow Olympics, also because it was the high point of détente, right when it began to turn sour. They will demonstrate that the US-led boycott only served to strengthen the hard liners such as Andropov. Under his leadership, the USSR was well on course back to Stalinism. It was only the accident of his (relatively) early death that saved the motherland of communism from an even bigger wave of purges, the prologue to which had already been well underway in 1983. Gorbachev changed everything, but his appointment had nothing to do with the more confrontationalist policy of Reagan’s first term. Moving away from détente was not the wisest choice, this dissertation argues, precisely because it helped figures such as Andropov to move closer to power. This dissertation is an attempt to rescue the good name of détente by highlighting its long-term influences, that continued to operate beneath and beyond the freeze of the early 1980s.

2.2. The Shock of the Global 1970s

There is yet another meaning of Hansa in this dissertation. It is not the return of the romance of sail and sword on a Lübeck cog, all of which can be admired at the annual Hanse Sail festival in Rostock. But it is strongly related to the unyielding significance of maritime routes in world trade. Not only did the predictions of obsoleteness turn out to be premature, but there was a crucial Cold War twist in the meanwhile. While the bulk of intra-Comecon trade could be serviced by trains, the more problematic relations with the capitalist and third worlds – usually only by sea. Communist regimes were serious about building large national fleets, commercial and military. The GDR boasted one of the largest merchant fleets in the world in the 1980s, quite an achievement for a small country. While the pursuit itself made all kinds of sense, the problem was that immense
resources were needed to keep an adequate (in the eyes of the secret police) level of control to protect the mariners from the ideologically dangerous waters in the West. In this world of trade, profits, international exchange, comparative outlook and openness to innovation, Marxism-Leninism had no fighting chance. Hence, Hansa also represents the globalization via the container which accelerated during ‘the shock of the global 1970s.’ True, East Asia was the core engine of the container-shipped growth, not Europe. But there are interesting parallels to be traced. Phenomena described in this dissertation would soon replay themselves, on a much grander scale, in the ports of communist China, in the wake of the early reforms of Deng Xiaoping.\footnote{Arne Westad, \textit{Restless Empire: China and the World Since 1750} (New York: Basic Books, 2012); Ezra Vogel, \textit{Deng Xiaoping and the Transformation of China} (Cambridge: Belknap Press of Harvard University Press, 2011).}

The communist attempt to make Eastern Europe a player in the world trade game was an ambitious, but half-hearted and ill-designed attempt. The communist states, with the exception of East Germany, were rarely able to offer more than raw materials and semi-processed goods to global customers. In the end, the modernization attempt was a detour from periphery to periphery, to use the telling metaphor coined by Ivan Berend.\footnote{Ivan Berend, \textit{Central and Eastern Europe, 1944-1993 : detour from the periphery to the periphery} (Cambridge: Cambridge University Press, 1996).} Still, the post-1989 success story of parts of the post-communist space shows that plugging into the global trade stream as an equal partner was not a forlorn enterprise. The recent interest of the Chinese government in making Poland the key logistical center on the planned new Silk Road from Asia to Europe is just one case in point.\footnote{Wade Shepard, “Europe, Too, Is Building New Cities Along The 'New Silk Road',” \textit{Forbes}, June 27, 2016, accessed 5 May, 2017, \url{https://www.forbes.com/sites/wadeshepard/2016/06/27/new-silk-road-new-city-in-europe-kobylany-terespol-poland/#59829842541b}} This dissertation will give due credit to the non-state actors, who, by initiatives that were ahead of their
time, forced the state to accommodate the grassroots market dynamics. In the Baltic states, the efforts to join the common European currency by private entrepreneurs preceded their states’ decision to do so by a few decades. It is an open question whether this precedent will turn into a regularity for other countries in the region.

The ‘shock of the global 1970s’ was also a shock of global travel liberalization, and the birth of mass international tourism. For the Baltic port cities, a more pro-business wind could hardly be in the forecast. For the regimes – it delivered a considerable extra influx of hard currency into their state coffers. But the regimes’ eagerness to capture the dollars or the D-Marks brought by the foreign tourists had many unintended consequences. Sopot, Międzyzdroje, Warnemünde, Palanga or Jūrmala, not to mention the warmer Black Sea resorts, with their luxurious five-(socialist)-star establishments, quickly turned into symbols of privileged leisure in the Soviet Block. Huge, brutalist blocks of concrete were erected right on the sandy Baltic beaches. They were dubbed dolarowiec or dom dolarowych prostytutek [the dollar house, the house of dollar prostitutes] by the locals, who could guess what went on inside, but could not consume it. A socialist citizen could not simply purchase access to those exclusive hotels by paying with his wages, denominated in domestic currency. Hard currency was the entrance criterion. The easiest way to acquire it was to contact the foreign tourists or even better – the foreign sailors, who normally frequented some of the less prestigious entertainment establishments nearby. Rostock’s Neptun Hotel, perhaps the modernist five-star hotel of the communist-controlled Baltic, was built

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57 Archiwium Akt Nowych (AAN), Warsaw, Sygn. XII-1795, „Sprawozdanie zespołu badającego problemy społeczno-ekonomiczne wybrzeża gdańskiego,” Styczeń 1971, l. 55.
by a Swedish company in 1970. The Stasi meticulously documented every step a VIP foreign guest made in its public bars and private rooms. Their records will be studied carefully here, also because the Neptun Hotel was one of the earliest spots where the transition from socialism to capitalism began.

Those relatively splendid seaside resorts were surrounded by the decrepit kolkhozy of the Polish Recovered Lands and the East German Mecklenburg-Vorpommern. The former large Junker estates had been collectivized more thoroughly there than in other parts of Eastern Europe.\(^{58}\) What ensued was model socialist egalitarianism in poverty. The abundant surplus labor from those collectivized hinterlands was the main labor reserve for the Baltic shipyards, where thousands of young males engaged in collective, hard physical labor for little money. To make it worse, their wage was denominated in the inconvertible domestic currency. In the increasingly hard-currency determined socialist reality of the 1970s, the compensation for building the ships that were then ‘exported’ to the USSR was certainly inadequate. What was available for domestic currency contrasted sharply with what was available for hard currency. This was not just a general truth, but a noticeable urban phenomenon. To make matters even worse, those contrasts were clustered in a crowded urban environment, such as the glitziest Polish resort of Sopot, squeezed between the shipyards of Gdańsk and Gdynia. Communist authorities wanted to provide a degree of tourist joy for all citizens, but the flipside of that move was that the working class could now learn more about how the socialist party elite and the western tourists consumed leisure, sometimes in tandem.\(^{59}\)


2.3. The Unsung Heroes

While some surviving Stalin statues still exist, in Russia and elsewhere, there are perhaps none dedicated to black marketeers. They remain the unsung heroes of a passive-conformist kind of resistance to communist regimes. In the neoclassical economic theory, the market is posited as an agent ‘who responds’ to stimuli received from price fluctuations, which signal whereto the next meeting point of demand and supply might shift. While it is a telling allegory, it is not an automatic process in the sense that, at least in the twentieth century, it always took a human being to make a decision first, and then to arrange appropriate measures to address those signals and thus to contribute to a new equilibrium. Under communism, responding to unofficial price signals necessitated a lot of hardly accessible market research. Acting upon this information implied a lot of risk, proportionally to the profit prospect. Even if it might not seem the case at first glance, this dissertation deals with a stigmatized, victimized minority. Black marketeers were covered with heaps of the worst kinds of slurs by the official media. But being offended in public was the best-case scenario. Some paid with their lives for their ‘private initiative,’ many were sent to the Gulag for long years. In this work, their actions are frequently seen through the punitive lens of apparatuses of repression. This allows for recreating the comparative institutional view, but it should be made clear that the author does not subscribe to the negatively-charged epithets that are going to be frequently quoted or paraphrased. These kinds of sources, with all their biases and preconceptions, are still valuable, not in the least because the actors themselves left little in terms of direct traces of their activity at the time.60

60 Most of the post-1989 memoirs constitute an even more questionable source base, in which the exploits are usually exaggerated, while important contextual circumstances – passed over in silence.
In the author’s opinion, the most informative (empirically dense and factually correct) English-language book about communist underground economies is *The hard road to market: Gorbachev, the underworld and the rebirth of capitalism* by the British journalist Roger Boyes.\(^{61}\) The problem is that the book was written in 1990, it contains no single footnote and the sources of information are only occasionally betrayed. Is the lack of a better scholarly alternative a sign of a conviction that black markets are not a topic scholarly enough? This question can be deflected by pointing out that only recently did this type of ‘scholarly’ research become possible, since many of the relevant archives have only recently been opened. This work is based chiefly on the very internal information and communication of the communist secret police, and other organs of state repression and policing. It relies on the recently declassified papers of the reputedly all-knowing institutions of the Soviet Bloc: the KGB, the Stasi and the Służba Bezpieczeństwa, as well as those produced by the three respective customs administrations. Those institutions had access to information that foreign onlookers in the 1980s could not have had, and if they did – it was not obvious whether they were willing to make it public. The perspective unfolded here is usually the one seen through the eyes of the regimes at the time. ‘Seeing like a state’ also means seeing like a particular kind of a state, the state run by the Uncivil Society, as aptly coined by Stephen Kotkin and Jan Tomasz Gross. This dissertation very much follows the trail blazed by the collection of essays in their jointly edited volume.\(^{62}\) The methodology applied, besides unearthing new

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information, will also revisit the old totalitarian debate, by providing more information on the degree of control and knowledge those institutions of repression could have had.

The main methodological problem of working with these type of sources is their credibility. Many documents quoted here were written with a specific agenda in mind. Some were designed to incriminate, some to compromise. Kompromat always needs to be taken with a large grain of salt. But even if a kompromat contains only falsehoods, it still says something about the social reality it originated from, or the one it was meant to bring about. Nevertheless, with such impenetrable and heavily politicized issues such as black markets, one has little choice but to rely on all the information that is available. The imbalance of perspectives, reflected in this dissertation, also reflects a historical reality. A single sailor did not know much beyond his limited section of operations. Each smuggler was just a cog in a giant machine fueled by distorted incentives. Every type of a source is problematic in its own way, but I venture to claim that the documents presented here are much more useful than, for example, official statistics. The Gosplan did not only fail to reflect the real picture, but its publications were occasionally meant to mislead. The real income of socialist citizens, not to mention the real cost of living, is not something that can be recreated faithfully while relying exclusively on them, and certainly not for those who aspired to something more than the domestically produced Fiat 126p.

Academic interest in communist black markets in the 1980s was significant, especially among political scientists. Gregory Grossman was the creator, and the long-time don, of this field.

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63 For an overview of the debate at the peak of its intensity in the 1950s, see: Zbigniew Brzeziński, “Totalitarianism and Rationality,” The American Political Science Review 50, no. 3 (1956): 751-63.
While many of his and his students’ studies remain highly informative,⁶⁴ they either relied on official data or, when unofficial sources were used, the footnotes were either missing or inaccurate. Alena Ledeneva’s excellent book *Russia’s Economy of Favors* is a case in point.⁶⁵ She relied on oral histories to a large extent, which shows that an insider is needed to truly penetrate into that arcane world. Still, this kind of insider insight uncovers a reality much more complex and interesting than the one gained from perusing the official statistics or statements. There has been a wave of scholarship on unofficial consumption under communism published recently,⁶⁶ but few authors ask the question where the means for all this previously unregistered consumption came from. I pay attention to the most risk-happy adventurers of all, those who delivered precisely those means: hard currency, precious metals and other stores of value, at their customer’s service.

The black market was not an unchangeable set piece that provided a guaranteed reaction to new market trends. It was not always policed in the same way, nor was it always tolerated to the same extent. The echogram of the black market pulse was far from linear. It was more like a sinusoid, as Jerzy Kochanowski, the trailblazing expert in the field, aptly described it.⁶⁷ His excellent study *Tylnymi Drzwiami* [From under the Table] shows that the degree of correlation

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⁶⁴ For an extensive overview of that field, see: David Engerman, *Know your enemy : the rise and fall of America’s Soviet experts* (Oxford: Oxford University Press, 2009), especially the chapter entitled: “The Soviet economy and the measuring rod of money.”


with the business cycle swings in the Western world was remarkable. The black market was much more responsive to the vagaries of world markets than the centrally planned economies, to be sure, but it was not automatically or instantaneously so. The in-built systemic deficiencies of those economies have already been analyzed by many scholars, most following in the footsteps of the Hungarian economist Janos Kornai.68 Without questioning any of Kornai’s theses, this work remains unsympathetic to the view that ‘the system was bound to fail.’ Just because those economies were less efficient, it did not mean that the political system had to collapse. North Korea or China today are just two examples of how the situation might have evolved. Many, such as the Polish Stalinist Kazimierz Mijał, recommended emulating Mao even in the 1980s.69 Perhaps it was too late to embark on a Maoist path in the 1980s, but there is no self-evident reason why Gorbachev could not have consulted more closely with Deng Xiaoping in 1988. Many unobvious decisions were made and acted upon, both by the leadership and by ordinary citizens. The human factor turned out to matter more than the theoretically pre-determined system. The allure of hard-currency-sponsored corruption was the human factor number under late socialism, as visible on every second page of this dissertation.

Some scholars have argued that black markets were, in the final analysis, conducive to the regime’s stability. I agree with them, but add a caveat: yes, they had been initially, but only up to a point. This dissertation tries to pinpoint the moment when the communist authorities got a little too comfortable with adapting the black market techniques they were supposed to police, and


began utilizing them to their own exclusive benefit. One of the highlights of this dissertation is the discovery of the pioneering role played by the Kommerzielle Koordinierung (KoKo). The KoKo was a covert East German, Stasi-run foreign trade agency, that in many ways initiated the contagious chain reaction of state-covered corruption across the Bloc. Not much of KoKo’s legacy survived 1989 in Germany, but it very much did east of the Oder-Neisse border. Actually, the further east one travels today, the more of KoKo’s legacy lives on. East Germany was not run exclusively by German-speaking intelligence officers.

The pernicious impact of the unexpectedly reappearing social stratification on communist domestic stability was more profound than historians have recognized so far. Some of them take the self-assuring statements of officials, like the famous one by Gerhard Schürer a few weeks before the Wall collapsed,70 for granted, or look at the earlier, admittedly more successful, period of coexistence or cooperation between the black marketeers and the state. The former were usually cherished by most of their fellow citizens in the early postwar years, because they could help with food or heat during wintertime. But things changed when the black marketeers started to accumulate profits that began to shine, also outside of their own milieus. The Stakhanovites, who declined in relative material status in the 1970s, felt bitterly betrayed, as demonstrated by the film Man of Marble (1976) by Andrzej Wajda.71 The key transformation was that poverty eventually became a relative, not absolute, phenomenon. This ‘general relativity theory’ should be always


71 Andrzej Wajda, Człowiek z Marmuru, [Film] (1976).
kept in mind when studying the societies that moved from Hobbesian conditions of anarchy in 1945 to a degree of affluence in the 1970s.

The strong egalitarian attitudes of Polish workers are a fact confirmed by innumerable studies, contemporary and historical. Some of them will be quoted here. It is beyond doubt that a large fraction of the workers did internalize the postwar communist message directed at them. Many developed an ethos of hard labor that they contrasted with scheming and dealing under the table, or the lavish lifestyles of globetrotters, occasionally known as rootless cosmopolitans. Much of the outrage fueling the Polish Solidarity movement, as will be demonstrated, came when a conviction began to spread that the workers’ state was now on the dealers’ side, and had abandoned the honestly toiling miners and dockers. Really existing socialist societies were never perfectly egalitarian. But the evolution that took place under Brezhnev’s zastoi meant that it was no longer the heroes of the Soviet Union or of ‘socialist labor’ who enjoyed privileged access to the rare delicacies, but precisely the rhetorically decried prosloika [parasite-class] of speculators. A major reason behind the seemingly outlandish wage claims of the striking shipyard workers in 1980 was that they did see a lot of wealth around them, outside of the shipyard gate. They saw the pie out there, and they wanted their state to divide it more fairly. If only they protested long enough, they would receive more of it, or so held the common wisdom. The complex relationship between conspicuous consumption and social resentment has been analyzed by many, including the sociologist-economist Thorsten Veblen. This dissertation is heavily indebted to the premises and

insights of his *Theory of the Leisure Class* and other works. Veblen’s theses, in this author’s opinion, apply to the really existing socialisms no less than they do to the Gilded Age America.

‘There was no sex in the USSR’ and ‘there were no drugs in the USSR.’ These two phrases are actual quotations from Soviet public discourse. By today, they have become popular inside-jokes ridiculing some of the more outlandish exaggerations of Soviet propaganda. The intricate game a communist citizen had to play to remain true to himself and the public discourse was captured by the ancient Persian term ‘ketman,’ theorized as a peculiar type of (nearly ubiquitous) socialist double-think and double-life by Czesław Miłosz in his 1953 novel *The Captive Mind*. I borrow Miłosz’s application of that term and extend it to the economic realm. Economic ketman was a game all but the most ideologically committed (or lazy) played. Some were more successful than others, especially in evading penal consequences for their actions. This led to an ever-growing cynicism and disrespect for the law. Some of the most successful games and players are the subject-matter of this dissertation. I argue that the economic ketman is the key not only to understand the communist period, but also to understand the post-1989 reality. Few scholars have studied these phenomena, especially foreign scholars. The intricacy of the game was so complex, and the stakes so anecdotally low, that it seemed not worth the effort. Unsurprisingly, it was easier to understand Adam Michnik, Vaclav Havel or Andrei Sakharov, who spoke the familiar language of human rights, dissidence, resistance or third-ways.

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Trade was seen as an inherently unproductive or parasitic activity by the Marxist-Leninist orthodoxy. Trade was speculation through and through, it did not contribute to social welfare, just moved objects from one hand to another mouth. Reliance on the long-discredited Marxist theory of value was one of the heaviest deadweights of the communist project in general. Marx’s theory completely neglected the demand side and focused purely on labor input. It was yet another exemplification of the blindness of German idealism. Like many other idealistic theories, it was a neat construct philosophically, and certainly ethically appealing, but remained proudly indifferent to socioeconomic reality. The deadweight began to feel even heavier when the switch was made away from heavy industry, and toward consumer socialism in the 1960s. Scholars have identified the Khrushchev-Nixon kitchen debate as a turning point in this respect. The true consumerist feast started a bit later, with the Unity of Social and Economic Policy, as one particular version of the same switch was known in Honecker’s East Germany in the 1970s. The state not only paid more attention to the domestic consumer industry, but also increased the volume of edible imports. Citrus fruit, a symbol of privileged access to consumption and the staple of maritime contraband, is a case in point. Those kinds of goods were easier to move, to hide, to sell. They offered a higher value-added prospect for smugglers than coal, steel, machine tools or similar bulky commodities, the hallmarks of Stalinist industrialization. Some of the special imports went to the nomenklatura of course, but a lot of it – to the urban class of people from the so-called margins, especially large in port cities. Not incidentally, the greatest Soviet postwar criminal thrillers were filmed in Odessa’s port district.


77 Stanislav Govorukhin, The Meeting Place Cannot Be Changed [TV Series], 1979.
There was one more decisive switch. As much as the Soviets became accustomed to relying on German reparations to broaden the catalogue of consumer supply in the early postwar years, they had to extract ever more oil to pay for analogous luxuries the 1980s. In the same way that they got used to the black marketeers saving the day when another famine was around the corner, they got used to the German POWs rebuilding Baltic port cities. In Klaipeda alone, over 70,000 of them were deployed for that purpose in 1945. Later, it was West German firms that were the main constructors of the trans-Siberian gas and oil pipelines, but they had to be paid with hard currency. On the consumer market, whatever the Soviet planned economy was incapable of delivering, could be taken care of by those shady figures from the so-called margins, or so some planners hoped. In other words, the Soviet authorities could afford to grow decadent because they could rely on both supply streams – from Germany and from under the table. But this decadence finally came to haunt them. In the late 1980s, black marketeers began to turn into ‘violent entrepreneurs’ and in the early 1990s – they ‘stole the state.’ To add insult to injury, most of the Soviet-controlled Hanseatic realm became a part of the European Union in 2004 and is protected by NATO.

The main strategy of profiteering from the ‘re-birth of capitalism’ in the 1990s revolved around securing a duty-free pass, or at least a lowered tariff, on some part of the massive


79 Klaipėda Regional State Archives (KRSA), Fond 539, Opis 1, Delo 52, l. 325, “Ob otgruzke trofeinovo oborudovania importnykh, reparatsionnykh gruzov sbornymi vagonami i odinochnymi mestami,” December 3, 1946, (for more details, see: Chapter V).


technology transfer incoming from the West. This process had always been present in Eastern Europe since the Middle Ages. It was turned into an official state policy in the 1970s, but it accelerated rapidly only after 1989.\(^\text{82}\) Some of those tactics had been trial-run under communism as well, but the more readily accessible technique then was smuggling. The 1990s witnessed both, and on a massive scale. My findings might help to blur the sharp pre-1989 and post-1989 boundary, which may be the right periodization to capture the political re(f)olution,\(^\text{83}\) but in terms of economic undercurrents – the change was more gradual. It was not only because the communist nomenklatura retained a high level of control over economic life after 1989, but also because many of the techniques of doing business in the 1990s had their origins in the communist period. This dissertation provides a genealogy to the ‘from apparatchiks to entrepreneurchiks’ thesis by capturing the early origins of the links between the new capital and the old communist party apparatus.\(^\text{84}\)

1989, the Annus Mirabilis, is often painted in theological colors, also by scholars. For the prospects of Zernack’s Nordost integration, it was a moment of Erlösung [deliverance] from the schizophrenic division of the continent, which ushered in a brave new era of boundless opportunity. “What we have seen over the last few years,” wrote Jan Henrik Nilsson, a Swedish expert on the region, “is a reversal of the political situation underpinning this division, and since 1990, new possibilities for regional integration and a renaissance of the Baltic cities have opened

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\(^{84}\) Jacek Tarkowski, “Endowment of Nomenklatura: Or Apparatchiks turned into Enterpreneurchiks: Or from Communist Ranks to Capitalist Riches,” Innovation, nr. 4 (March 1990), 89-105
up.” While this statement rings true, two caveats need to be added. The ‘political reversal’ did not fall from the sky, and it was a more gradual process. Particular people brought the reversal about, also little-known people, over a longue durée period and through many small steps.

My study follows two distinct methodological paths. The first studies the formation and evolution of transnational networks, the second studies three states comparatively: Poland, the USSR and East Germany. While the first thread focuses on the agents of change – mariners and other black market entrepreneurs, the other focuses on the institutions that sought to regulate or preempt their activity, including the secret police: the Polish Służba Bezpieczeństwa, the Soviet KGB and the East German Stasi. The second methodology leads to a rather orthodox comparative institutional history, a task rendered easier by the hard-wired similarities between the three state apparatuses. The dissertation attention span is divided roughly equally between Poland, the USSR and the GDR, in this particular order. This order is only natural: after all, the Solidarity movement was born in Gdańsk, not in Kaliningrad or Rostock. East Germany will be studied last because it was in many respects the model socialist state where ‘private initiative’ was curtailed more effectively than elsewhere. But the East German case also holds some of the more surprising revelations in store, thus it will be served last.

The dissertation is divided, somewhat schematically, into six chapters, two devoted to each country under study. Each chapter follows a loose, unbinding script of chronological and thematic order. The first chapter of the two ‘national’ chapters unfolds a more institutional view, the second focuses more on the street-level view of socioeconomic relations, with the two being two closely intertwined to be separated neatly. The conclusive chapter will pick up the loose ends and present

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a synthetic, comparative perspective. The organizational framework of this manuscript borrows heavily from and aspires to John Connelly’s *Captive University*.\textsuperscript{86}

As mentioned, the main goal of the comparative outlook is to examine whether communist Poland was indeed such an outlier as it is often portrayed. The conclusion will be presented later, but for a start – the following outlook might be sketched. The reason why it makes sense to compare Kaliningrad with Szczecin is that both were brand-new ‘Recovered Lands’ in 1945. The eventual outcome in the form of a firmer degree of Soviet control over Kaliningrad than that of Polish control over Szczecin goes to show that, in order to proceed with a massive social engineering project the way it was done after 1945, the heavier the hand of the state – the better. The chronic weakness of the Polish state, especially in the sphere of socio-economic governance, was an important cause behind the recurring Soviet problems with this unruly satellite. The Polish regime had to start from scratch in 1945, while the USSR already had a few waves of purges and a great patriotic war behind it, which had made the already heavy hand of the state much heavier. By 1949, the ‘battle for trade’ had been won, the Polish communists declared, but only because Moscow wanted to hear that it was the case. On paper, everything looked rock solid. What really happened was different. The state pushed many honest businessmen underground. Those who survived were left largely unattended, especially after 1956. They adapted, falsified preferences and waited for a moment to strike back. In this respect, Poland remained special until the bitter end of the regime. But the new problems that all three states had to deal with, especially the kinds of problems arriving from abroad, were quite similar. It was the same, second wave of globalization that swept them away to the ash heap of history.

\textsuperscript{86} With much more reconceptualization and structural work needed to near the high mark set by the original.
The main contributions of my work can be subsumed under four headings: 1) the little-known, undercover international merchant adventures under really existing socialism, 2) an unorthodox, novel explanation for the system’s deviation from the Stalinist path and its ultimate collapse, 3) the pre-1989 roots of the ‘wild capitalism’ of the 1990s and 4) providing the conditions of possibility for the 2004 EU expansion. The two main take-aways are as follows: 1) The design and ideology of centrally-planned economies could not have been more ill-conceived to incorporate the Hanseatic values of free trade and wealth accumulation, the Smithian principles of international division of labor based on customized preferences and comparative advantage, which began creeping in through the holes in the Iron Curtain provided by the Baltic port cities, 2) Was Poland a special case from the start (1945) or was it representative of broader trends of how the second wave of globalization reverberated across the region? The answer to this question can only be reached through a comparative study and will be presented later. It will include many surprising parallels, and certainly more than most Polish historians and historians of Poland like to recognize.

2.4. A Eurasian Land Empire in the Baltic

This dissertation, from a bird’s eye view geopolitical perspective, also deals with yet another among the many chapters in the long history of Russia’s ambition to become a truly global power. This goal has always been intricately connected with the issue of securing unrestricted access to open oceans, and to the many travails and setbacks that befell the country in the process. The Danish Straits have perhaps not imprinted such a heavy mark in the Russian collective psyche as the Bosphorus. The Kiel Canal might not be such an immediately recognizable topos as its natural equivalent between the Black and Mediterranean Seas, but this dissertation argues that –
at least in the Cold War context – it was not less objectively significant for the overall success of
the Russian imperial project.

The Hanseatic allegory is intimately connected with the related theme of the hard limits to
Russian influence in the world. Pre-Petrine Russia was the land empire per excellence. The tsars
were the world champions of acquiring vast landmasses, but even after Peter the Great, Russia has
never been able to match the leading Western powers in the open seas. The shock of the 1905
Tsushima defeat demonstrated that it was also unable to face its eastern neighbors. Russia had no
Panama Canal allowing for a swift redeployment from one ocean to another, to begin with. To add
insult to injury, the Soviet fleet could hardly deal with its Romanian counterpart during World War
II in the Black Sea. In the Baltic, torpedoing passenger cruisers with the East Prussian evacuees
was among the more remarkable ‘feats’ of the Soviet warships stationed there.

The situation in the Baltic changed significantly after 1945, thanks, in part, to the
acquisition of numerous post-German naval bases and infrastructure. The Cold War expansion of
the Soviet fleet, both in its scale and technological progress, was the closest Russia ever came to
becoming an issue for the Anglo-American hegemony of the seas. Soviet satellites, Poland and
East Germany in particular, started from scratch in 1945, but by 1980 – their respective merchant
fleets were of respectable size and quality. The 1962 Cuban Crisis signaled the Soviet ambition to
project the country’s power globally, also by means of a technologically advanced fleet. Supplying
Cuba was perhaps the new zenith of Russian global reach. Never before had the country been able
to project its power so far away from its approaches so effectively. Whatever gains had been made
by the 1980s, however, it all fell apart by the 2000s. The Kursk catastrophe (2000), with its criminally botched rescue attempt, was a sad coda to the end of Soviet maritime ambition.

After 1945, the Soviet Union annexed or controlled areas that had never been a part of the Russian imperial dominion. Poland is the perfect example. Fifty-one percent of the post-1945 Polish territory was made up of either the Prussian partition or of other lands that were a part of Germany since much earlier, meaning that they were not a part of the Romanov Empire even in its greatest extent of 1913. The territory of today’s Baltic states also had a non-liner relationship with Russia, to put it mildly. Those lands changed hands between the Teutonic Order, the original colonial power, and the Polish-Lithuanian Commonwealth, Sweden, and Russia on multiple occasions, before becoming independent republics after World War I. In East Prussia, however, the Russian connection was at its most tenuous indeed, or non-existent if we exclude the Seven-Years War episode, which was put to an abrupt end by the new prussophilic Tsar Peter III, in what became known as the Miracle of the House of Brandenburg.

The Soviet Empire did inherit the less-developed parts of Germany, including the second-rate parts of the German maritime capacity. Despite this uneven start, the Soviets were eventually able to pose a real threat in the high seas during the Cold War. But it was not through military means that the Soviet Union was defeated during that war. The Soviet Empire annexed the Hanseatic realms by conquest, but it was not a Tsushima-style defeat that took them away. The fatal stab in the back was administered by the home front. How exactly that occurred will be explained in chapters III and IV. Generally speaking, it had to do with the moment when the black markets of port cities stopped serving the communist project the way they did in the early postwar
period. It was the lack of attention or the unwillingness to reign in the burgeoning black market of those port cities that consumed the communist economic order from within.

This study adds a new layer to the old story of Russian inability to overcome the confines of a land empire. After World War II, the encroachment upon the Hanseatic realm had more than military or territorial implications. The crux of the problem was in the ideology that was perfectly unsuited to accommodate the historical profile and economic specificity of those lands. This fact alone turned out to be no less decisive that all the nuclear warheads combined. Nothing was more contrary to ‘Eurasian despotism’ that Stalin represented than the tradition of free cities, free trade and self-governance. After Stalin, the suppressed-yet-rising underground bourgeoisie of port cities continued to be either repressed or neglected by the state. Many members of the current Russian oligarchic elite could trace the roots of their wealth to the vibrant black-markets of Leningrad of the 1980s. The current Russian president was fighting with other kinds of enemies of the motherland in East Germany at the time, but many of his KGB colleagues were busy chasing after the foreign sailors, their Leningrad liaisons and the hard currency circulating between them. It is unsurprising that, after the collapse of the USSR, the repressors and the repressed relished the opportunity to finally shake hands in peace, and to form a power-sharing arrangement that defines today’s Russia.

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2.5. A Few More Words on Contemporary Relevance

Gdańsk (neo)liberals, the founding fathers of the Polish shock therapy, enjoyed a brief moment of fame during in the early 1990s. Ever since, they have been on the defensive, apologizing profusely for the ‘crimes’ of privatization and market reforms. So far, there has been no liberal (in the European sense) party in Poland to win more than 15 percent of the vote. The main one, Unia Wolności (the Freedom Party), a party of urban intelligentsia, no longer exists. Poland is still at the crossroads, with the modernization/westernization conflict coming to a head as these words are written. Will Polish inward-looking provincialism triumph once again? It would be a sad echo of the early modern predicament, when the nobles trumped over the urban classes in the second wave of (re)feudalization, like elsewhere east of the river Elbe. The resulting developments led to the predominance of the landed interest on the political scene, and to the Jewish minority being ‘overrepresented’ in towns and business, due to aristocratic contempt and Catholic exclusion. After the slate was tragically wiped clean by World War II, and after the admittedly impressive communist urbanization drive, will the new, now-ethnically-Polish, burger class finally be able to have their values reflected in the political system? Or will Jarosław Kaczyński and his voters have the final word?

The Gdańsk Liberals – Janusz Lewandowski, Donald Tusk, Jan Krzysztof Bielecki, Leszek Balcerowicz and others – were the poster children of the successful post-1989 transformation.89

88 The moment I have analyzed in detail in my working paper Balcerowicz must go! How Polish (neo)liberals lost the post-communist information war, accessed 5 May 2017, http://scholar.harvard.edu/tomaszblusiewicz/publications/balcerowicz-must-go-how-polish-neoliberals-lost-post-communist?admin_panel=1#

After serving in the highest government echelons, they all went on to make big careers in international institutions such as the World Bank or the European Commission. Kaczyński, a son of the Mazovian countryside, represents the part of Poland that is unwilling or unable to engage with the world. What will be the next phase of this fundamental conflict of values between the two Polands? This dissertation will not provide an answer, but will provide an insight into the deep historic roots of the current Polish value clash. In this context, Hansa also implies the readiness to become a part of Europe, a Europe in which cooperation with the better kind of Germany is an option. This dissertation will also provide an insight on why the Baltic states’ accession to the EU was so swift and why their recovery from the 2008 crisis so robust. But it will also suggest an answer to why the neighboring Belarus is nowhere near their position. Openness to globalization broadly conceived, one of the key issues of our time, will be a recurrent motif.

The trope of globalization will also shed a new light on what the Solidarity movement was (also) about. Its anti-Soviet, labor, patriotic or Catholic dimensions are well-known and need no further study. But it was also an explosion of social anger rooted in two less-studied aspects: social stratification and localized ethnic tensions. It was the Kashubians who were the real natives of the Gdańsk region, the indigenous first peoples. Ever since Gdańsk’s liberation in March 1945, they were accused of being crypto-Germans, who signed the Volksliste en masse and remained in Poland only because the wagons or ships that could take them Heim ins Reichs were already occupied by the ‘real’ Germans. The Kashubians formed a large part of the scarce maritime human capital that communist Poland had at its disposal in 1945. They were quickly marginalized to the benefit of the incoming communist nomenklatura from Central Poland and the expellees.

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from the lost Kresy, the pre-WWII eastern borderlands. As the biography of the Kashubian native Donald Tusk highlights, the echoes of that painful past were strong enough to decide the 2005 Presidential Election. They were certainly much stronger in 1980, when Solidarity was being created. Few people outside of Gdańsk or Gdynia have even heard of that most excluded minority of all, not to mention the understandably clueless foreign observers.

Another field that this study sheds some light on are the ingenious and hardly visible techniques of black market adaptation. I suggest that the dramatic Odessa events of May 2014 will be better understood if one studies the run-up to the December Protests 1970 in Poland, discussed in detail here. This insight will also suggest an answer to whether the post-Crimean sanctions will work or not. Kaliningrad, and the already mentioned vibrancy of its cross-border trafficking underworld, provides a hint. To spoil the surprise – this author believes that they will not. Just like in the Cold War, artificial, state-generated differentials between price regimes will create the perfect storm of arbitrage weather, leaving few happy and most suffering due to a higher cost of living for all. The West’s failure to impose the CoCom embargo will be studied in depth in Chapter V. My examination will demonstrate not only that that strategy was not effective. It was also welcomed by some influential circles in the East, but also some in the West.
3. Chapter I

The New Polish Baltic and the Opportunities of Socialist Life at Sea

3.0. Poland’s Marriage with the Sea

As the decimated German troops hastily retreated towards Berlin, the Red Army began clearing the smoldering ruins of the port of Kolberg. On the day of the Pomeranian town’s liberation, March 18, 1945, soldiers of the Seventh Infantry Regiment of the First Polish Army, who fought side-by-side with Georgy Zhukov’s First Belarussian Front ever since the Bagration Offensive in the summer of 1944, were ordered to gather around the medieval fort guarding the port’s gateway, 6pm sharp. Upon arrival, they saw a makeshift stand filled with hundreds of fully-uniformed officers. Before the unusual ceremony began, all the guests, including Soviet political commissars, were treated to a Roman Catholic mass to stir a suitably elevated mood. The Polish flag was hoisted over the town, to be called Kołobrzeg from now on, while the military orchestra played the national anthem. Piotr Jaroszewicz, a senior politruk in the First Army and a future prime minister in communist Poland, climbed the tribune and said:

“Remember this day, it will go down in history. Future generations will talk about it with respect, like we talk about our great ancestors. You are making history, like it was made by Bolesław Chrobry and Bolesław Krzywousty [medieval rulers who vassalized the Pomeranian tribes to the Polish Crown]. You have chosen the right way, from the Oka river [in central Russia] to the Baltic. You have not chosen the wrong way, through the sands of Iran, and the swamps of Italy [where the Anders army was fighting alongside with the Allies]. That is why you have captured Kołobrzeg.”

Following Cyrankiewicz’s speech, Corporal Franciszek Niewidziejło threw a golden ring into the sea and solemnly declared:

“We have come here, to the sea, after a hard and bloody effort. We see that our effort has not been wasted. We swear that we will never leave you. By throwing this ring into your waves, I am marrying you, because you have always been and always will be ours.”

Kołobrzeg’s ceremony was a deliberate replay of a similar rite that had taken place 25 years earlier. In 1920, Poland regained independence and access to the Baltic after 125 years of separation. ‘Poland’s betrothal to the sea,’ [zaślubiny z morzem] as the event was mythologized in the interwar period, took place in Puck, two dozen miles north of the Free City of Gdańsk/Danzig. Paralleling the fate of the Free City, the marriage did not survive twenty years. The opening salvo from the Schleswig-Holstein battleship in the wee hours of September 1, 1939, portended the coming of another separation, this time much shorter – mere five years and six months.

But there was an alternative, unofficial marriage ceremony with the Baltic bride. A day earlier, on March 17, two fully armed regiments of uhlans of the First Warsaw Cavalry Brigade stood ready at the main market square in Greifenberg, or – as the Poles would rename it soon – Gryfice. Following the order of their commandant, Major Stanislaw Arkuszewski, the cavalrymen headed towards Mrzeżyno, a seaside village. After reaching the coastline, Corporal Sochaczewski and uhlans Kobyliński rode their horses into the water, throwing two rings into the Baltic waves. “We swear eternal allegiance to the sea,” they promised. In the twenty-first century, the memory

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92 Ibid.

of the non-communist wedding of 1945 is still alive in Mrzeżyno. Every year, on March 17, the ceremony is repeated by mounted reenactors, with rings thrown into the sea and words of allegiance uttered no less solemnly. No reenactments take place in Kolobrzeg, and certainly not since 1989. The memory of the official ceremony seems to have disappeared with the regime.

“Gdańsk’s symbolic moment of return to the mother’s womb,” as the official postwar public discourse had it, had to wait a few more days, until March 28, 1945. As Soviet troops entered the ruins of the medieval old town, the Polish flag was hoisted over the remnants of the Artus Court, the central Renaissance merchant house of the proud Hanseatic city. In the interwar Free City of Danzig, it had been more commonly known as Junkerhof. “The Polish nation’s dream of returning to this ancient Polish port has come true,” every school pupil learned in class from then on.

While it was not the first time that Gdańsk had returned to the Polish state after a prolonged Teutonic occupation (the first one took place between 1308 and 1466), it now had a new neighbor, just a few miles to the north. Precisely because the League of Nation’s Free City experiment was perceived as a makeshift (and ultimately pro-German) solution by the Poles, they decided to erect a brand-new port of Gdynia, to avoid dealing with the Germans and the League while trying to secure access to the contested Gdańsk seaport. In 1920, there was not much to be seen five miles north of Gdańsk besides a few fishermen’s huts. In 1938, a splendid ultra-modernist urban

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panorama, nested between dramatic chalk cliffs resembling their more famous cousins in Normandy, greeted the numerous foreign seamen and tourists visiting the city of 127,000 inhabitants. In 1945, two of Poland’s major seaports – Gdańsk and Gdynia (the third – Szczecin, was 200 miles east, near the new western border) – found themselves in uncomfortably close proximity. The times ahead of them would be much more competitive than in the interwar period, when they had serviced two different countries at a trade war with each other, more often than not.

The Gdynia project had been the single most serious attempt of the Polish state at establishing the nation as a factor in the arena of maritime politics in history. Nonetheless, despite that ambitious endeavor, and due to the enormous wartime destruction, the amounts of human and material capital available in 1945 seemed utterly insufficient to administer the new 200 miles of the Baltic Coast. “The organizational beginnings were very difficult indeed due to the lack of maritime expertise,” even the boastful nationalist propaganda of the 1960s had to acknowledge the nation’s historically limited seafaring credentials. The non-communist underground circles, as they readied themselves for Poland’s shift westward, also worried about the country’s capacity for taming the emptied, post-German Baltic shores. “Four million people were needed to repopulate the urban centers, but Poland’s only surplus population was agricultural, while all the Polish Jews” – traditionally the strongest burger class – “have been murdered,” an underground publication about the soon-to-be-annexed Western lands warned somberly in 1945.


Nothing illustrates the country’s landlocked complex better than the mythos of the victorious Battle of Oliwa (1627) against the Swedes, celebrated as the peak of Polish naval genius. In reality, it was no more than a local skirmish. The Swedes did lose a few ships, after which they decided to return to base to resupply. After a few winter months, they returned with a larger fleet to continue their blockade of Gdańsk undisturbed. Numerous streets in Gdańsk and Gdynia are named after the few Polish monarchs who were serious about Poland’s prospects as a maritime power. The main artery linking both cities bears the name of Władysław the Fourth (r. 1632-1648). He was the last king who could have dreamed about challenging the Swedish plans to turn the Baltic into an internal lake. The Great Swedish Deluge (1655-1660) demonstrated beyond any doubt that, while the Polish army was relegated to a second-rank status in Europe, its navy held no rank whatsoever – a constant in Polish history that held for the next few centuries.

What was the reasoning that persuaded Joseph Stalin to change that unfortunate state of affairs and extend Poland’s share of the Baltic coast from a few dozen miles between the wars to over two hundred miles? Among the many considerations that determined the postwar shape of Polish borders, decisive were Stalin's predictions on how the balance of power in Europe was going to unfold. In 1945, no one could be sure about Germany’s future. Poland’s fate was to be decided by democratic vote, or so held the Yalta Agreements, but Stalin had other ideas. For him, it was imperative that Poland was to remain firmly within the Soviet sphere of influence. The Western Allies soon realized that nothing but a full-scale war could have challenged that outcome. Consequently, transferring as much German territory to Poland as possible secured at least two objectives. First, without knowing the fate of the Soviet Zone of Occupation (SBZ) and Germany in general, pushing Poland westward in 1945 meant expanding Soviet power as far into Central Europe as possible. Secondly, it meant that Poland would be likely to face a threat of German
revanchism, something that the country could not withstand successfully without Soviet backing. This move made Polish territorial integrity de facto subject to Moscow’s whim. Regardless of the numerous ebbs and flows of the Cold War power balance, Poland could not risk angering the big brother without simultaneously risking the security of its western border. A final treaty with unified Germany was signed only in 1990.  

Stalin was aware that imposing the Soviet model of communism upon Poland would not be easy. He reportedly remarked that installing communism in Poland could be compared to saddling a cow. To make the operation easier, Poland should be rendered as willing to request Soviet support as possible. In May 1946, a few days after Churchill’s Iron Curtain speech in Fulton, a Polish governmental delegation visited Moscow. They were reassured by Stalin that “every arm stretched out to grab the Polish Western Lands will be cut by the military might of the Red Army.” Polish leaders made no mystery out of the need to rely on Soviet support to keep the Western (or, as they were described propagandistically: Recovered) Lands and instinctively felt that “Soviet guarantees of our borders” were much more valuable than international treaties. The vassal nature of that entanglement was frequently driven home by the Soviet leaders. During a visit to Szczecin in 1960, Nikita Khrushchev reassured the locals, who worried about the

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103 For example, see: the transcript of a Politburo meeting from April 10, 1970, [in:] AAN, KC PZPR 1354, V/90 (microfilm 2913), Protokoły posiedzeń BP KC PZPR za rok 1970, Protokół nr 12, posiedzenie BP w dniu 10 kwietnia 1970, l. 7.
increasingly jingoistic voices from West Germany, with the following words: “the allies of the Polish People’s Republic will defend her borders just like their own borders [...] it is worth mentioning here – in the westernmost city of the Republic – that the border posts on the Odra and Nysa [Rivers] will be defended by all of us side by side with the Polish nation.”104 As long as the German threat was real – went the Soviet message – you should keep quiet and kindly ask for our support. “Poland will be either socialist, or it will not exist altogether,” the internal party newsletter stated in no ambiguous terms.105

Domestically, taking over the Recovered Lands was exploited as a nation-unifying cause to win at least some degree of popular support for the communist regime after 1945. The abandoned German property and land offered an opportunity to proceed rapidly with the communist policy agenda: industrial nationalization and agricultural collectivization, initially euphemized as ‘land reform.’ Historian Joseph Rothschild wrote: “Through their control of the Ministry for the Regained Territories, [the communists] monopolized an extensive patronage apparatus for the distribution of the newly annexed lands, from which most of the German population fled or was expelled, to their nascent clientele. Their control of the extremely rapid and supposedly spontaneous process of distributing the lands and assets of large agricultural estates throughout Poland among the peasantry served a similar purpose and helped to undermine the rival Peasant party,” the only political force that could threaten the communist monopoly on power.106

The success of those hallmark policies was to present a model for the ‘old country,’ where

104 AAN, TRZZ 510/10, l. 10, II Walny Zjazd Delegatów TRZZ w Olsztynie w dn. 23-24.01.1960, Referaty, głosy w dyskusji, listy dyskutantów.
collectivization was initially seen as too provocative given the traditional strength of the Polish peasantry.\textsuperscript{107}

Furthermore, playing on anti-German sentiment was a safe bet. The ‘reintegration of the cradle of the Slavic peoples’ was a project that no patriotic Pole could oppose. By portraying themselves as the sole guarantors and executors of that historic mission, the communists were waging a battle for the hearts and minds of Polish society. Before 1970, that strategy seemed to be working rather well. The strongholds of opposition remained contained around the ‘old’ centers of Polish culture such as Poznań (in 1956) or Warsaw (in 1968). The Recovered Lands, either because of the successful ‘persuasion’ of the resettled Poles, as Rothschild suggested, or perhaps because of the massive deployment of Soviet troops in the region, seemed more comfortably subdued. But things were to change unexpectedly in 1970.\textsuperscript{108}

Gdańsk, Gdynia and the resort city of Sopot squeezed between them, the now one-million-large urban agglomeration stretched along the Gdańsk Bay beach usually referred to as Trójmiasto [Tricity], was not fully recognized as part of the Recovered Lands. Gdynia was a problematic success child of the bourgeois Second Republic, usually treated with suspicion and sometimes with resentment by the communists. Sopot, “one of those rather bleak seaside resorts on the Baltic coast, once Prussian, now Polish,” as Niall Ferguson rather harshly put it, had virtually no Polish

\textsuperscript{107} For more information on this particular aspect of the Polish Recovered Lands, see: Radosław Domke, Ziemie Zachodnie i Północne Polski w Propagandzie Lat 1945-1948 (Zielona Góra: Oficyna Wydawnicza Uniwersytetu Zielonogórskiego, 2010), 16-25. This topic is also extensively covered in: Andrzej Korboński, Politics of Socialist Agriculture in Poland: 1945-1960 (New York: Columbia University Press, 1965); Michael Fleming, Communism, Nationalism and Ethnicity in Poland, 1944-50 (New York: Routledge, 2010).

\textsuperscript{108} For an overview of the geographic (‘old Poland’ vs ‘new Poland’) distribution of the 1956 protest, see: Paweł Machcewicz, Polski Rok 1956 (Warszawa: Mówią Wieki, 1993). In general, the residents of the Recovered Lands participated in the 1956 and 1968 moments as well, but to a lesser extent, also because some of their protests were quickly subdued by the Soviet units stationed in the vicinity. The December 1970 Protests were more peculiar due to their markedly more localized nature.
history. True, Sopot could not equal the charms of the Habsburg Opatija on the Adriatic, not least because of the capricious Baltic weather, but it was among the best Wilhelmine Germany had to offer. Bleak as it might have been under Stalinism, its classicist five-star Grand Hotel was still the most bourgeois-looking place in postwar Poland. But the new rulers were interested in erecting Nowa Huta and other copies of Magnitogorsk, while holidays in Sopot, especially if available also to the toiling masses, could have only slowed the industrialization’s progress. Consequently, the resort indeed remained a shadow of its former self for long decades.

Gdańsk was not nominally a part of the Recovered Lands in the same ways the Silesian capital of Wrocław, the largest ‘new’ city in Poland, was. After all, it was a free city between the war, whereas Wrocław had been lost to Polish statehood since the fourteenth century. Gdańsk’s time-honored tradition of Hanseatic burger autonomy was also not something the communists were interested in reviving. Tricity was indeed a very mixed, unseemly bag. This triangle of extraordinary cities pressed all the contradictions, challenges and opportunities of the new People’s Republic into one urban space, more so than in Warsaw, Cracow or any other region. It was in Tricity where the most important events in Polish postwar history were to unfold. Lech Wałęsa signing the August Accords in 1980 has become a symbol of the beginning of the end of Soviet dominance in Central Europe. Solidarność has of course received an abundance of scholarly


attention, but, as Roman Laba remarks in his excellent work, *Roots of Solidarity*, the specific setting of both revolutionary moments of 1970 (December Protests) and of 1980 (Solidarity) “received almost no sustained study.”¹¹³ This chapter begins to fill this neglected historiographic lacuna.

3.1. *Ziemia żywi, morze bogaci* (The earth feeds you, the sea makes you rich, an old Polish saying)

Communist Poland faced numerous problems in 1945. Liquidating black market ‘speculation,’ one of the least-favorites past-times of the policing organs of Soviet-type, was hardly a top priority, given that the country’s capital Warsaw was destroyed so thoroughly that the idea of moving it to Łódź was considered with all seriousness, at least for a while. Black markets were always frowned upon as a relic of petty bourgeois acquisitiveness and rent-seeking, but were tolerated in the immediate postwar period as they alleviated the country’s catastrophic shortages of everything from food to sewing needles. “Until 1950, the problem of hard currency criminality did not exist in Poland,” so held the party line. “The [entire] attention of the justice administration [in Gdańsk] was directed toward fighting against szabrownictwo,” or the looting of abandoned German property.¹¹⁴ Recent scholarship by Piotr Perkowski, Marcin Zaremba and others shows that the first half of that statement could not be further from reality – *szabrownictwo* was indeed a plague, but it was merely the category of hard currency speculation that did not yet exist, not the

¹¹³ Roman Laba, *The Roots of Solidarity*…, 115.

phenomenon. As the officials euphemistically put it in unpublished internal reports: “[a]longside the citizens who were dedicated and ready to suffer hardships, the Gdańsk Coast saw an influx of many individuals whose goal was solely to secure material gains. The specific nature of port cities offers a distinct possibility of enrichment at the cost of society.” Analogously, the first case of contraband registered by the authorities in Tricity – cheap wrist-watches – occurred in 1953, eight years after the first goods were in fact smuggled to Poland by sea after the war. Not unlike the Red Army infantry marching through Germany in 1945, Poles were suddenly seized by a collective mania of accumulating wrist-watches in the early 1950s. The first few seamen who had the opportunity to sail to foreign ports were happy to fulfill their wishes. This combination of a destitute population suffering from shortages of anything from firewood to watches and a few sailors with regular access to the capitalist world provided, in its concentrated urban cluster, ideal weather conditions for the perfect storm of Western winds and contraband.

What made contraband profitable – an autarchic Stalinist economy on the one hand and the Iron Curtain on the other – also made it very dangerous. To be sure, most of the attention of the Stalinist security apparatus was devoted to “to crushing Eastern Europe,” as Anne Applebaum put it referring to the political apparatus of repression. Given the overall strength of anti-Russian and anti-communist sentiment in Poland, punishing the few sailors who brought some trinkets


117 A central, residential villa district in Gdynia is still called Zegarkowo (zegarek: a hand watch) today.


from their exotic voyages might have seemed like a third-rate priority. The country needed every able seaman aboard and smuggling was, after all, seen by many as an ancient, hard-won perk of this special trade guild. However, contact with the West, especially when permanent and regular, was not to be taken lightly during the Cold War. To keep the authorities in the loop about this dangerous potentiality, first secret informers on foreign-bound ships were installed by the Ministry of Security already in the 1940s. According to the Ministry, “recruiting agentura [informed] was an indispensable operation, without which we would not be able to expose this kind of organized crime [which maritime contraband is] at all.” A widely-publicized case in the 1950s set the pattern of operations for the decades to come. Six servicemen from the flagship, America-bound cruiser m/s Batory (named after the Polish king who stopped Ivan the Terrible’s drive to the Baltic) were caught red-handed thanks to timely denunciations from two informants. All six adventurers traded in hard currency in-between the numerous ports visited by the Batory. Four of them were sentenced to severe prison sentences, perhaps to scare any potential imitators. 

The end of Stalinism and the introduction of a less restrictive foreign travel regime lifted the heavy Iron Curtain upwards a bit. This half-hearted and temporary liberalization was enough to catapult the scale of maritime smuggling into a whole new level. The opportunities and incentives had always been there since they were rooted in the bipolar postwar order that had quickly generated enormous price differentials between the capitalist and socialist worlds, yet the brutal and arbitrary Stalinist security apparatus, plus the fact that Poland maintained virtually no trade relationships with the West, had limited the operations to isolated episodes. This started to

120 Jerzy Kochanowski, Tylnymi Drzwiami…, 291,

change after the thaw of 1956. In January 1960, ‘a special unit to fight contraband and hard currency crime’ was brought to life to monitor the Tricity area, headquartered in Gdynia. Observations like “attractive goods such as chocolate were often smuggled in quantities exceeding one ton,” prompted the authorities to create this new institution. In the 1950s, it was common for the sailors not only to smuggle items from the ship landwards directly, but also to mail packages to Poland while anchored in foreign ports. A prohibitive tax on mailing was introduced on November 15, 1960. It curtailed this quasi-legal channel of supplying Poland with western goods, but many other more or less legal avenues remained open. Twenty-six persons were arrested for smuggling in 1959, and 46 in 1960, when the value of requisitioned contraband goods reached 4,244,620 PLN, the highest on record.

The first (internal and unpublished) reports referring to maritime contraband as a serious, visible social issue appeared in the early 1960s. By then, a ring of the most frequented Western ports emerged clearly on the map of northwestern Europe: Antwerp, Hamburg, Kiel, London, Hull and several French ports, in that particular order. After watches and nylon blouses, there came stockings, lipsticks and men’s sweaters. Crates of American whiskey and cigarettes became the number one source of profit: “massive pick up operations took place along the Kiel Canal, ordered in large quantities by the ship’s commander and quartermasters,” reported the authorities. The whiskey could also be sold in Latin America on the way out. If so, the crews stopped in Hamburg on the way back to purchase the various goods needed in Poland with the hard currency they had earned on their way. If there was a product that was never in short supply back home, it was

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122 Dariusz Stoła, Kraj Bez Wyjścia? : Migracje z Polski 1949-1989 (Warszawa: IPN, 2010), Chapter II.

123 IPN Gd 05/19, t.3, “Analiza przestępczości…,” p. 3.
moonshine. It was used both for consumption and export purposes. But the variety and quality of alcohol was in short supply, rendering authentic Scottish whiskey a welcome addition for those with more refined tastes and deeper pockets.\textsuperscript{124}

Supplying the east side of the Iron Curtain with Western goods, legally and illegally, had always been a profitable enterprise. According to an orthodox communist worldview – the profession of trade was at best a neutral, at worst a ‘parasitic’ activity, since it did not ‘produce’ anything new, but merely moved the already existing assets from one place to another. Polish foreign trade, just like in other socialist countries, was subject to a full state monopoly, enshrined in the seventh article of the constitution in 1952. A citizen was allowed to bring some minor consumer goods for personal use, but a customs duty had to be paid. Since black market trade addressed urgent social consumption needs and mollified the frustrating shortages in the official distribution circuit (‘the thousand little things,’ as they were referenced in the GDR) – it was always to some degree tolerated. However, “professional foreign currency speculation aimed at purchasing attractive goods in high demand [when performed in a] cyclical fashion” was a more serious problem. “It led to a marked, vast multiplication of financial resources of those who occupied themselves with that activity, contributing to an expansion of their enterprise after each successive forex-contraband operation.”\textsuperscript{125}

One of the most popular methods of “illegal turnover” and “speculation with forex assets,” as the newspeak nomenclature had it, was to acquire a large supply of double-eagle (‘liberty’) gold.

\textsuperscript{124} IPN Gd 05/19, t. 3, “Analiza przestępczości…,” p. 3.

twenty dollar coins abroad and sell it at home on the black market. The usual profitability of a single operation equaled 10-12 USD per coin, a solid 50 percent return rate. This simple operation is a perfect illustration of the mechanism of profiteering exclusively from the price differentials between the two currency regimes. In other words, the forex speculators profiteered from the marked variation in the extent to which two different societies endowed their domestic fiat money with trust as well as from the disparities in the perceived value of gold as a store of value. Both gold and dollars, due to their reputations as a safe bet investment, had a higher perceived utility in Poland than in the West. Foreign currency speculators – popularly known as cinkciarze – purchased the perception of security abroad and pocketed profits for delivering it to domestic customers. As the police reported, “20-dollar and ruble coins (99 percent of them forged) were brought from: Hamburg, Antwerp, Rotterdam, Stockholm and Goteborg.”

Cinkciarze were thus exemplary of the worst sort of social and economic parasites in the communist lexicon. Sailors, on the other hand, were not perceived by the regime as the group inherently “most pernicious from the point of view of social welfare” the way the “professional traders in foreign currency,” the cinkciarze, certainly were. Turnover of capital for the sake of making more capital still belonged to the unassailable core of Marxist critique of capitalism and the phenomenon’s unabating intensity made the blood boil even for the most liberal apparatchiks of the coexistence era. The operations of cinkciarze led to consequences blatantly detrimental to

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126 IPN Gd 0046/227/3/5, “Informacja o przestępczości…,” l. 17.

127 The name originates from a Polonized pronunciation of ‘change money,’ similarly to the soviet term farcovshik – a Russianized pronunciation of ‘for sale.’


129 IPN Gd 0046/227/3/5, “Informacja o przestępczości…,” l. 7.
the regime’s stability, its coffers and ideological robustness. “The ownership of significant forex values by our citizens contributes to the extent of the external [non-state-controlled] turnover circuit of those values. The possibility of obtaining, on the illegal external market, an exchange rate higher than the official [rate], is very advantageous both for the buyer and the seller. It is in their mutual interest to [remain in touch]” and to not make their friendship too well-known since “they both infringe upon the relevant legal regulation to an equal extent,” the local authorities in Gdańsk sounded the alarm bells.130

Nonetheless, the rate of return on this form of forex speculation remained relatively flat throughout the 1960s and 1970s. Its profitability soon became overshadowed by what became known as ‘forex-contraband operations’ [i.e. operations involving both hard currency and trafficking], especially when a comparative ‘market survey’ abroad and at home had been performed beforehand. “If the domestic market detects a lack of fashionable, attractive goods that satisfy consumer demand, the forex-contraband gangs launch operations to fill in those gaps immediately.” The profit could reach 300-400 PLN for one USD invested: a rate of return of ca. 4:1 per black market prices. In the late 1960s, such products happened to be, for example, “nylon fabric, pen tips, foam rubber” or any other good in a more or less temporary short supply. The key to achieving a high return on merchandise such as nylon fabric was an additional delivery of foreign logos and tags, “usually Italian,” and their subsequent attachment to the ready-made products. Using this simple method, the crews of m/s Dęblin and m/s Warmia jointly delivered raw materials to produce 13,000 “foreign coats” worth ca. twenty million PLN.131 While sailors

130 Ibid., l. 6.

131 Ibid., l. 17, 21.
belonged to the theoretically reliable working class category, the line separating them from ‘the enemies of the people’ was always dangerously blurry and near. Maritime smuggling, to which many in the profession felt legitimately entitled, was a type of a forex-contraband operation that was both illegal and at odds with communist ideology in numerous ways. By 1970, it had been perceived by the authorities as “relatively extensive” socially, but also quite specific to the Baltic Coast geographically, especially in terms of scale of individual contraband feats and their aggregate social impact. On the other hand, in the eyes of the authorities and the beneficiaries, it did mollify the perennial consumer shortages on the domestic market. Its main disadvantage was that the consumption of the fruits of fashionable western consumer goods was much more conspicuous than the purely financial form of forex speculation.

Domestically, servicing foreign trade shipping, especially to the capitalist world, had remained one of the most lucrative professions available under really existing socialism, for the managers, officers, sailors and all related occupations. This statement remains true even if only official incomes are considered and the myriad advantages of illegal activities are disregarded. The main reason behind this privileged position was the so called hard-currency supplement [dodatek dewizowy] that the sailors received if they serviced non-socialists ports. This supplement alone, if converted into zlotys on the black market, provided more purchasing power than the average

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132 Jerzy Kochanowski, Tylnymi Drzwiami..., 291.

133 IPN Gd 0046/227/3/5, “Informacja o przestępkości...,” l. 7.

134 Usually between 10-30 USD, with sums up to 100 USD for senior officers on long haul voyages.

135 The official PLN-USD exchange rate was fixed at 1:4. The black market rates varied, but were much higher, upwards of 1:20.
salary. But it made no sense to simply exchange it on the black market back into zlotys. The more prudent procedure was to acquire western consumer goods in ports like Hamburg or Antwerp, targeting products that were in high demand back home such as jeans or rock-and-roll records. After successfully smuggling the goods through customs, the sailors would visit a komis: a quasi-legal private commission/pawn shop, normally tolerated by the regime after 1956. At the store, the goods could be sold anonymously and then, through various channels, they entered into the alternative distribution circuit. In 1964, for instance, the aggregate value of the hard currency supplement distributed among Polish sailors amounted to slightly over one million dollars. According to the official statistics, less than 300,000 USD had been spent in the stores specially designated for the purpose of supplying the sailors abroad such as the Baltona. At the same time, throughout 1964, various legally operating private shops in Tricity had (officially) acquired goods from the returning sailors, worth over five million dollars. This amount, not inclusive of any of the underground operations, was fourfold the value of all hard currency supplements distributed among the sailors that year. These two balance sheets alone demonstrate that for each single dollar received by a sailor, he returned with goods worth at least three dollars more, even if he operated just within the boundaries of what was permitted by the regime.

According to the data prepared by the National Bank of Poland, sailors travelling to the so-called “capitalist overseas” in the late 1960s, received approximately 7,500,000 USD annually earmarked for purchases while staying aboard and abroad, when possible – in the specially designated state-run stores abroad and aboard – the Baltona. According to data provided by the

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136 According to a local study, this statement was true of the entire 1948-59 period. See: Sławomir Borowicz, Polskie Linie Oceaniczne w Latach 1951 - 1978 : Studium Ekonomiczne (Gdańsk: Wydawnictwo Morskie, 1980), 289.

Baltona network for the first half of 1969, only 15 percent of the hard-currency supplement earmarked to be spent in that special store was in fact spent there. Furthermore, it was “a universally known fact, not being tackled by the responsible organs in a determined way,” that the sailors brought goods of total value greatly exceeding what the hard-currency supplement allowed for, not to mention “the goods hidden in the ships and then smuggled inland.” Judging by official statistics alone, sailors usually brought back goods with values three to five times higher than the official hard-currency supplement permitted. The participation in profits stemming from such operations was often “universal” among the crews and was shared proportionally to seniority of ranks. The captain’s participation and acquiescence was absolutely vital. In a representative case, a captain from the m/s Olkusz admitted to smuggling gold and other “attractive goods” worth 400,000 PLN. In the late 1960s, that sum was equivalent to several typical annual salaries. For a young, unskilled shipyard worker, it was a sum he could hope to earn for decades’ worth of hard physical labor. Upon the occasional apartment searches, hard currency, precious stones and other store-of-value assets worth more than one million PLN were not infrequently uncovered. 138

After appropriate amounts of hard currency had been acquired by a socialist citizen, the next step for this future hard-currency-contraband delinquent was to contact befriended seamen of the merchant fleet, learn about the upcoming cruise schedule and make appropriate arrangements with the willing sailors. It was not uncommon for the sailors to make purchases in foreign ports themselves. This type of operation of course had its limits. There was only so much that sailors could physically acquire in stores and then carry onto their ship. 139 More sizeable shipments were

138 IPN Gd 0046/227/3/5, “Informacja o przestępczości…,” l. 8-12.

usually secured by commercial or diplomatic representatives with a permanent foreign office abroad. The most convenient option was to contact interested members of the diplomatic corps, who normally enjoyed unrestricted access to foreign goods and who could travel largely freely and undisturbed. A consul in the Netherlands, for example, would issue “administrative dispositions” to his staff who could use the diplomatic prerogatives to purchase “wholesale amounts” of goods. A truck or two would be already waiting for the sailors in Rotterdam. Some kind of formal excuse, such as a reunion with the local polonia (polish diaspora) accompanied by a local folk band could be arranged to justify the truck’s entry onto port grounds.140

On the other side of the Iron Curtain, some members of the local Polish diaspora “succeeded in monopolizing the turnover of maritime contraband” to Polish ships visiting foreign ports. One of them was a company named Darpol, operating in Rotterdam and Antwerp in the 1970s.141 After a successful period of operations, its owner grew self-assured enough in his position to treat Polish sailors with contempt and “artful cunningness”: “for me – you are all beggars, I have TIR trucks and Russian sailors among my clients,” he told a Polish sailor who visited his establishment. The existence of that trade with Soviet sailors was indeed confirmed by the company owner’s “investment of capital in a considerable number of icons which he held in the loft above the store.”142 Nonetheless, “[t]he current tactics of picking up the deliveries directly at the ship’s broadside is very convenient for the crews as it protects them from sanctions from the


141 Ibid., l. 627-628.

local customs officers for the kinds of operations they conduct,” a secret informer wrote in his after-action report.143 “Officially, [the shop owner] deals in textiles, unofficially in gold, (jewelry), coins and precious stones,” he shared his insight with the supervising secret police officer.144

In the 1960s, like in any other decade, communist Poland was running low on gold reserves. To remedy the problem, the Ministry of Finance issued an ordinance in 1963 permitting anonymous sale of gold and other precious metals to state-run jewelry stores in unlimited amounts. In Tricity, those stores [PH Jubiler] purchased gold worth 170 million PLN in 1963 and 1964 alone, including a single delivery of gold bars to Sopot worth 27 million PLN.145 A vicious-virtuous circle had thus been set in motion between the economic underground and the state’s foreign reserves policy. The system had been designed to work on the margins of legality with the level of black market permissiveness determined by the trade-off between the condition of the state’s hard currency reserve at a given moment on the one hand, and the acuteness of consumer shortages on the other. In the Stalinist period, the main strategy of obtaining hard currency acquisition was to force as many labor reserves into state-run factories and farms as possible, and then export the end-product abroad. As Bulgakov’s famous theater scene in The Master and Margarita reminds us, even a false or unsubstantiated allegation of hard-currency possession could have grave consequences for a Soviet citizen. In the 1960s, while this situation remained theoretically and sometimes practically unchanged, citizens were now given an amnesty-like window of opportunity to give up or even consume their hard currency at a state-run institution. While this strategy was perhaps more intelligent in the sense that it could help both the citizen (to

143 IPN Sz 0012/497/24, “Notatka służbowa,” l. 627-628,


escape imprisonment) and his state (to acquire the hard currency), it was no longer ideologically uncompromising in an earlier black-and-white manner. The highest prison sentence a citizen could receive for economic violations in Poland was still 25 years in theory, but in practice no one ever served terms longer than ten years. Due to this post-Stalinist liberalization, “cases of relapse […] are now extremely frequent,” the local Gdańsk authorities noted. A record-breaking sailor from Gdynia was punished seven times within six years for low-level hard currency violations in the 1960s.146

This new state policy culminated in the establishment of the state-run Pewex chain of stores in 1972. The name Pewex was a creative abbreviation of the official name: Przedsiębiorstwo Eksportu Wewnętrznego, Internal Export Enterprise. In a Pewex store, a higher-quality domestically manufactured commodities could be bought with hard currency by citizens. While this devious maneuver was verbally white-washed as ‘internal export,’ the authorities spared no harsh language for those citizens who engaged in similarly convoluted export-import operations out of their own initiative, especially if the end-product of their efforts (hard currency) did not ultimately trickle down to the state coffers. Non-state-controlled servicing of the flow of goods and people through the Baltic ports bore all the marks of “organized crime,” the authorities declared. The cinkciarze – “frontline street boys” whose main task was to approach foreigners seeking to exchange foreign currency – were just the external layer of that operation. Being a cinkciarz was a full-time job servicing the most vulnerable (to exposure) links in the underground hard-currency turnover scheme. It included approaching strangers on the street, soliciting and making sure the foreigner got less zlotys for his hard currency than offered by the neighboring cinkciarz around

146 IPN Gd 091/9, Chapter IV, p. 19.
the corner. But the same function could be performed more comfortably by persons legally employed in those enterprises where contact with foreigners was a daily occurrence: “cab drivers, personnel of gastronomic and entertainment industries, travel agencies, etc.” The second layer was occupied by “middlemen,” also known as “wholesalers.” Their responsibility was to manage the operations of the boys on the street, collect their profits and pass them on to the higher-ups in the third layer responsible for masterminding the ‘forex-contraband operations.’

The nodal role played by the Tricity area in the national underground economy at the time was aptly summarized in a meticulous analysis prepared by two deputy prosecutors of the Gdańsk Prosecutor’s Office, Eugeniusz Ożóg and Tadeusz Markowski: “[t]he acquisition of forex assets from all over the country and their inflow into the Coast [here: Tricity] and vice versa, the distribution of contraband smuggled through maritime channels back to the country takes place through an extended network. This type of organized crime is highly deleterious since it destabilizes the domestic market equilibrium and disturbs the state’s planned management of forex reserves.” The goal of this late 1960s report was to convince Warsaw that it needed to pay serious attention to the problem of the Baltic shadow economy because it drained the precious reserves of hard currency and fed the pockets of “parasites,” “profiteers,” and “speculators.” Foreshadowing the establishment of the Pewex chain, the authors suggested that special stores should be created to “capture the citizens’ surplus hard currency reserves” – an idea already in action in the USSR (Beriozka) and the GDR (Intershop).

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148 Ibid., l. 25-28.
There were three main channels of “liquidating” western goods, obtaining and consuming the hard currency: the pawn shops (komisy), the street forex-money changers (the cinkciarze) and the sex workers. According to “conservative estimates” of “operational services” of the secret police, approximately 500 residents of Tricity were professional street forex traders in the late 1960s. A rough and conservative estimate again: the capitalist sailors visiting Tricity illegally exchanged approximately two million dollars per annum. Without this group, the maritime-contraband operations would not have been possible. “It is hard to avoid an impression that this group must be much larger,” suggested the authors. They have also admitted that most of the investigations in fact dealt with “occasional”\textsuperscript{149} money changers and not the big guns of the criminal underground. “As long as you are not caught cash in hand, there is practically nothing they can do to you” – a Tricity journalist was told bluntly by a local cinkciarz – “and it is not easy to catch us. Dewizówka [the special police unit targeting hard currency speculation] knows virtually everyone [engaged in that business] and often raids our premises. But the doorman is usually on our side and quietly lets us know when trouble is brewing.”\textsuperscript{150} The fact that the police knew “virtually everyone” or that one cinkciarz had continued his operations even after suffering through thirteen detainments, allows for a hypothesis that the dewizówka must have been instrumental in providing cover for this illegal business, an unsurprising conclusion given the abysmally low wages of the officers operating in the streets.


\textsuperscript{149} Ibid., l. 7-9.

\textsuperscript{150} K. W. Dębicki, Komu zielone, komu, „Tygodnik Morski,” (38) 1973; R. Czerniawski, „Gra w Zielone,” Prawo i Życie, (15) 1983.
estimated. Confiscated were: 112 kg of gold, 35,000 USD and other valuables. The fines collected by the state coffer reached 27 million PLN. To illustrate the trend, the authorities singled out two mariners of the Polish Merchant Fleet [PMH] who illegally moved 150,000 USD out of the country, for which they bought and brought back several thousand golden twenty-dollar and ruble coins. It was not only profitability that was driving this increase in cross-border trafficking, “but also the fact that the perpetrators do not meet with condemnation of their native social milieus,” the authorities complained.\textsuperscript{151}

Another major investigation of the 1960s involved a group of five delinquents, all active between 1962 and 1966, mostly between Gdańsk, Gdynia, Antwerp and Stockholm. The illicit turnover reached 6,238,260 PLN, including 20,387 double eagle liberty coins, 1,500 gold ten-ruble coins, and thirty 100-gram gold bars. All of this was moved out of Poland illegally, without paying the required border tax due of 3,478,700 PLN. Prison sentences varied from four to ten years and fines: from 150,000 to 508,000 PLN. The state confiscated the following valuables: 525 twenty-dollar coins, 6,209 US dollars, 6,300 D-Marks, and 4,350 Swedish crowns. The seventeen largest cases involved a violation of the so-called organized crime paragraphs of the Treasury Code, which implied up to 25 years in jail. The size of the “gangs” and “networks” reached thirty individuals per a single group. Just between 1966 and 1968 – nine hard currency groups numbering 85 delinquents were liquidated. Among the 55 hard-currency violators sentenced in that period: 11 of them were sailors, 24 were unemployed, 4 retired, 10 came from “the so-called private initiative,” and “only 16 worked for state enterprises.”\textsuperscript{152} The authorities also found that married couples

\textsuperscript{151} IPN Gd 091/9, Chapter II, p. 3.
\textsuperscript{152} IPN Gd 091/9, Chapter II, pp. 3, 15.
(typically: a male sailor and a housewife) acting in tandem were often “the most efficient cells” in those organized criminal groups.

By the late 1960s, “due to [the intensity of] the maritime contraband, Tricity has turned into one of the largest markets for hard currency and imported goods” in Poland, according to a doctoral thesis written by a cadet at the Służba Bezpieczeństwa Academy in Szczytno in 1973. Between 1966 and 1971, 128 cases of hard currency violations and 219 cases of smuggling were registered there, involving 540 suspects, 248 of whom were sentenced to prison terms. Gdynia, which by then had become the headquarters of Polish long-haul commercial shipping, claimed 221 cases and Gdańsk – 110. The ten largest cases were administered by the Provincial Court. The author noted that the most common goods smuggled out of Poland were “the products of the Polish state liquor monopoly, which are in demand especially in Scandinavia and North America.” With unmistakable admiration for their skills, if not their civic-mindedness, he warned that “the sailors are world-class experts in the vagaries of the global trade conditions. This ‘knowledge’ [and the willingness to break the law and act upon it] not only makes them [eventually] lose their difficult yet attractive job, but also forfeit their freedom and wealth, accumulated in a dishonest way.”

According to another major criminal hard currency investigation of the late sixties, “all serious investigations of the forex-contraband violations conducted by the prosecution organs of the Gdańsk Voivodeship point to the connections between the criminal element of the Coast [i.e.: the Tricity area] with persons occupying themselves with similar activities in other regions of the country. Such connections are self-evident, since the cyclical nature of the forex-contraband

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153 IPN Gd 091/9, Chapter III, pp. 5-6, 31.
154 IPN Gd 091/9, Chapter III, p. 28.
activities lies at the core of such operations [...]. The maritime routes [and] the large commercial fleet create very opportune conditions for performing such violations. It is precisely these conditions and the high profitability of forex-contraband operations that are conducive to the presence of ever-growing groups of persons who work nowhere and busy themselves with such operations professionally.” Furthermore, “the ports of Gdańsk and Gdynia create special conditions for the illegal forex turnover, if one considers that approximately 50,000 seamen sailing under capitalist colors arrive there per annum.”155 Numerous similar reports confirm the obvious truth that the contact surface between socialist and capitalist citizens was more extensive in Tricity (and to a lesser extent: in Szczecin) than everywhere else in the country, with the possible exception of Warsaw. Analogously, Tricity was characterized not only by high volumes of incoming foreign traffic, but also by the mobility of its own population, many of whom worked in the maritime sector. Only slightly less self-evident was the fact that this cross-border mobility and its constancy had, over the years, led to a burgeoning black market lubricated by foreign currency and supplied with foreign commodities.

In 1968, 56,997 “capitalist sailors” [sic, meaning: sailors who were nationals of countries considered as capitalist] visited Tricity.156 All of them were allowed to exchange a certain amount of their home currency for złotys in order to make purchases while on land. A special unit in the Agencja Morska [the Maritime Agency] was created to service the złoty needs of ‘capitalist sailors.’ The exchange rate was established at the official 1 USD : 24 PLN. That was at least four times less than what could have been received for one dollar through alternative, unofficial


156 AAN, Sygn. XII-1795, “Sprawozdanie zespołu badającego problemy społeczno-ekonomiczne…,” l. 55.
channels. “It is worth pointing out,” the Gdańsk Prosecutors noted, “that the crews of the ships that visit the ports of Gdańsk and Gdynia for the first time use the official allowance [the state-run exchange kiosk] more frequently [than their more experienced colleagues] and usually spend it entirely.”¹⁵⁷ Those first-time arrivals usually learned on the spot that the official channel was not the most prudent choice and that the alternatives were not hard to find. According to the admittedly conservative estimates of the author of this report, ca. 85 percent of the hard currency sold by foreign sailors visiting Tricity was swallowed by the black market, and 15 percent by the state.¹⁵⁸

A careful reading of internal reports and correspondence similar to the documents quoted here allows for the following conclusion. The main reason why the authorities were concerned with Tricity’s black market problem was, beyond the outwardly professed corrosive influence upon ideological cohesiveness and international prestige, the fact that it was the black-marketeers, not the state-run institutions, who managed to virtually monopolize the market for the hard currency brought by foreign visitors to Poland.

In 1971, Polish ports serviced 11,426 ships, including 7,268 under foreign colors. Gdańsk and Gdynia serviced 5,550 vessels, making them the largest single port complex in the country. Among foreign vessels, ca. a third (2,255) came from West Germany.¹⁵⁹ The second largest complex was the westernmost Szczecin/Świnoujście urban agglomeration. These two port systems (G/G and SZ/S as they were abbreviated in technical literature) usually serviced more than 90 percent of Polish maritime traffic. The presence of “capitalist sailors” in port cities was perceived by the regime as an inherently subversive phenomenon. When, usually due to medical reasons, a

¹⁵⁸ IPN Gd 091/9, Chapter III, p. 4.
¹⁵⁹ IPN Gd 091/9, Chapter III, p. 3.
sailor stayed in Poland for longer than several days, he was placed in a special hotel – *Dom Marynarza*, the Seaman’s House. Since “sailors enjoyed unrestricted possibility of contact with personnel and the Polish sailors living there,” “could be visited by outsiders” and “could visit the city,” the secret police argued that they had to be secured by means of “operational control.” An operation codenamed *Przystań* [Harbor] was launched as a preventive measure. It envisioned a constant watch over the hotel by means of undercover agents. In 1977, for example, 95 Greeks, 44 “Scandinavians” [sic] and 33 West Germans stayed in the Seaman’s House. The common lounge room was a potentially subversive place, since it was where the usual suspects – “outsiders, including ladies of easy virtue, and the cinkciarze” met and where the “secret services of capitalist countries” were known to plant their agents.\(^\text{160}\) Despite comprehensive security measures, “the possibility of uncontrolled contacts with the foreign sailors” did not disappear, apparently because the recruited informers failed to do their job properly.

A perusal of similar ‘operative reports’ prepared by the secret police allows for two conclusions. First, the level of ‘operational surveillance’ of foreign sailors provided by the Służba Bezpieczeństwa in the Polish port cities was amateurish compared to East Germany, as will be demonstrated in Chapters V and VI. ‘Operational measures’ in hotels where foreigners were normally lodged rarely included techniques more sophisticated than routine interrogations of the cleaning staff. The East German Stasi could afford much more sophisticated surveillance technology, including audio and video surveillance, already in the early 1970s. Secondly, toward the late 1960s and certainly in the 1970s, the term ‘capitalist sailors’ was often used

interchangeably with ‘West German sailors’ by the Polish functionaries. The reason for this phenomenon was twofold. First: the sheer numeric preponderance of West German sailors, which fluctuated between 30 and 50 percent of all ‘capitalist sailors’ visiting Polish port cities. Second: due to Germany’s geographic proximity and the regular nature of the connections serviced with Hamburg or Bremen, the various connections established between maritime employees and other residents of Polish and German port cities could be renewed virtually on a daily basis. The same conclusion naturally applies to the entire Hanseatic realm, including the British Isles, Northern France, the Low Countries and Scandinavia. This proximity and permanence allowed for a more uninterrupted and timely flow of goods and information than, for example, between Poland and the United States. According to the Polish communist intelligence community, due to this proximity, intensity and regularity, the country’s counterintelligence shield was already difficult to provide in the 1960s. The approaching rapprochement with West Germany was to make this job even harder.

3.2. The Specter of a German Reconquista

One of the last formal acts of the Gomułka regime was the signing of the Warsaw Treaty on December 7, 1970. From the Polish perspective, the Treaty put an end to a quarter-century of uncertainty concerning the international legal status of the Recovered Lands. At the time, it was advertised by the regime’s propaganda as an epochal victory of Polish diplomacy – both sides recognized the permanent status of the Oder-Neisse border.161 Before the official ceremony took

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place, the West German chancellor Willy Brandt paid a visit to the Monument to the Ghetto Heroes in Warsaw, dedicated to the 1943 Ghetto Uprising. After laying down the wreath, the chancellor fell to his knees to honor the victims of the Nazi occupation. That act, followed by the signing of the Warsaw Treaty a few hours later, constituted a self-evidently historic moment, a new opening. With the advantage of hindsight, it is difficult to describe Brandt’s genuflection differently than as one of the most transformative ‘world-historical’ moments of the postwar era. It was a harbinger of a new era of détente in East-West relations, an era that lasted at least until the Soviet invasion of Afghanistan in 1979, and was picked up later by Mikhail Gorbachev and Ronald Reagan in the second half of the 1980s. It also foreshadowed future developments, including the special ‘manly friendships’ between Helmut Schmidt and Edward Gierek, Leonid Brezhnev and other communist leaders. A fresh climate of détente, cooperation and contacts ushered in multi-million-DM loans for the Polish communist government and in technology license transfers from the West German industry. This new climate of the 1970s had enormous consequences for the Polish Baltic port cities – after all, they serviced most of the country’s foreign trade, including most of the trade with West Germany, Poland’s capitalist trade partner number one.

One of Gomułka’s first moves after he came to power in 1956 had been the establishment of the Association for the Development of the Western Lands (TRZZ). The main task of that organization was nominally development, but what it usually applied itself to was beating the drum of ethnic resentment and prophesying an imminent German reconquista. All kinds of weapons from the nationalist mobilization arsenal were deployed by the TRZZ. One of the most prominent

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Historical Memory: Physical, Political, and Literary Spaces since World War II (Bloomington: Slavica Publishers, 2011).

examples was the glorification of the heroic medieval victory over the Teutonic Knights at Grunwald in 1410. Annual reenactments, with tens of thousands of heavily armored knights re-fighting the battle, took place on every July 15 starting in 1960, the 550th anniversary. In 1969, a monument “to those, who fought for the Polishness of Gdańsk” was erected in the center of the city to commemorate the siege of 1308, after which the city was lost to the Teutonic Order for 158 years.\(^{163}\) The scope and intensity of that campaign was truly astounding given that Poland was, after all, nominally a communist country ideologically committed to the transnational solidarity of all toiling peoples. Although communist propaganda in general portrayed East Germans (now occupying large swaths of the former Prussian Kingdom) as ‘good’ Germans and West Germans as ‘bad’ Germans, Polish political mythology simultaneously portrayed Prussia as the cradle of all the evils of modern German history, adding to the paradox-strewn ideological acrobatics of the 1960s.\(^{164}\)

An insight into the reverberations of the hostile exchanges between Warsaw and Bonn in the Recovered Lands in the 1960s can be gained from a report written by a Polish counterintelligence colonel, delivered to the top echelons of the Ministry of Internal Affairs in 1964. The report was written based on a detailed verbal account by a Polish woman working as a tour guide for a group of 120 West German tourists, which she delivered to her local Służba Bezpieczeństwa liaison. The group, mostly from Hamburg and Lübeck, arrived in Gdynia on a ship named *Nordland* on May 9, 1964 and travelled in the vicinity of Gdańsk for three days. The

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\(^{163}\) APG (Archiwum Państwowe w Gdańsku), Prezydium Miejskiej Rady Narodowej w Gdańsku, Wydział Kultury, Materiały konkursowe pomnika „Ofiar zbrodni krzyżackich w Polsce” (1969), l. 1147.

tourists began their visit by loudly expressing their disappointment about the fact that individual sightseeing and photography were not allowed, thereby limiting their liberty:

“In general, an atmosphere of anger and bitterness prevailed [among the tourists]. They were indignant that no one was allowed to visit friends or their former estates, factories, facilities, etc. [...] Discussions were held about how badly the Germans were mistreated after the war, [accusations were put forward] that the Poles have falsified history, etc. The Polish guide mentioned the various Polish achievements: the reconstruction, vibrant cultural life, free education, healthcare, etc. [One tourist] reacted [strongly to those words saying] that it was all propaganda [lies] and that the communists had prepared her [to do this particular job] very well. [Others have remarked] with ostentatious satisfaction, that it was the Germans who had taught the Poles [how to maintain] order, and when it comes to politics - the Poles have to do everything that 'Ivan tells them to do just the way that John rules over the [West] Germans.'" Other members of the group "criticized everything and claimed that the Gdańsk Voivodeship and Gdańsk are German lands, that they have to return and will return to Germany, that the Polish residents who live here will be allowed to stay, but the Germans will be the legitimate owners." [...] The ship's owner [...] and his wife Margaret uttered remarks that the Gdańsk Coast counts as the Vaterland for many Germans, that they still own property here and that the Poles have no right to say that the Germans are guests here. Further, he said that the Germans had prepared plans to reconstruct Gdańsk and that after their return, they would rebuild the city so extensively that it will become larger than Hamburg.”

While such reports need to be taken with a grain of salt because they echoed exactly what the authorities wanted to hear about the ‘revisionist West Germans,’ all waiting for a chance to reclaim their old dominions, they still provide an insight into the degree to which the official rhetoric had to be taken seriously in everyday life, even when it is difficult to ascertain whether such ‘hostile remarks’ were in fact uttered by the tourists and to what extent the default stance of suspicion and vigilance was internalized by the Poles.

The high point of the anti-German propaganda fueled by the alleged threat to the Oder-Neisse line was reached in the first half of the 1960s, but it continued in milder forms until and beyond 1970. Marcin Zaremba, in his book *Communism, Legitimacy, Nationalism: The*
Nationalist Legitimation of Communist Power in Poland, argues that Władysław Gomułka correctly identified the anti-German sentiment as the most reliable societal glue facilitating social cohesion and mobilization. In Poland, this glue turned out to be perhaps an even more powerful tool of social mobilization than the egalitarian ideals of communism. As expressed by Zaremba: “[i]t would not be an exaggeration to say that the 1960s were pervaded by a spirit of anti-Germanism, only slightly covered by the politically correct strife with imperialism, militarism and revanchism.” This observation is all the more striking given Zaremba’s simultaneous contention that “anti-Germanism was practically the only officially accepted form of nationalism.”

The residents of cities such as Gdańsk, Szczecin or Elbląg were the main audience of the anti-German message. While the official version rationalizing the annexation of the Recovered Lands held that they were ‘returning to the mother's womb,’ cities such as Szczecin could claim no permanent connection to Polish history and had belonged to the German national core for centuries. While Gdańsk’s history boasts a large Polish component, the city had also remained predominantly German for the past several centuries. The unsettling experience of being transferred into a German material world from what was Polish Wilno in 1939 was vividly captured by Stefan Chwin. The novelist himself was born in Gdańsk in 1949, but his familial roots were intricately tied with the long Polish history of Wilno. The architecturally unmistakable origins of his family’s new Gdańsk home, built in the late nineteenth century bourgeois suburb named Oliva (now: Oliwa), were a daily reminder (or at least that was how Chwin saw it through his father’s eyes) of what happened in 1945 and why his parents had to move from their ancestral seat in Lithuania to Pomerania. “I knew some residents of Gdańsk from the former Eastern Poland”

— Chwin wrote — “who carried a real sorrow of expulsion in their hearts, missed their lost native land and murmured occasionally that Lwów and Wilno should be ours again one day.”

A quarter century later, at the end of 1971, Tricity was inhabited by 726,700 people, 170,000 (nearly a quarter) of them were employed directly in the maritime sector, a figure which grew to ca. 200,000 after the completion of the Northern Port and the linked oil refinery-terminal in 1975. At the end of 1971, the Polish Merchant Fleet numbered 278 vessels, all of which belonged to the two state-run shipping agencies: the PLO [Polskie Linie Oceaniczne, Polish Oceanic Lines] and the PŻM [Polska Żegluga Morska, Polish Sea Lines], both headquartered in Gdynia. At any moment in the early 1970s, 10,000 or more Polish sailors were in high seas. Even when taken at face value, those numbers were impressive considering the wartime destruction and the country’s extremely scarce maritime resources in 1945.

As proud as many Tricity residents were of their very real achievements and as keen as communist propaganda was to claim them, the secret police had other things on their mind. “The growth of foreign trade, and in particular the growth of import-export exchange with overseas, leads to a systematic increase in the number of capitalist ships harboring at our ports” — they complained about the growing workload they now faced and requested more resources. In 1971, a record 60,000-plus “capitalist sailors” visited Tricity, including over 10,000 from West Germany. It was the personal contacts of “sailors of capitalist colors frequently harboring at our


168 IPN Gd 091/9, Chapter III, p. 3.

ports who attempt to initiate and develop wide-ranging contacts with the residents of Tricity” that were seen as a major unaddressed intelligence threat. Contacts were initiated among “port and shipyard workers, entertainment personnel, as well as the parasitic element /the cinkciarze and prostitutes/. The capitalist sailors initiate marriage relationships with Polish female citizens, which, as our [SB] data shows, is used indirectly in the activities of foreign intelligence services.” Among the most frequent questions asked by the visiting sailors in casual conversations was how many Soviet troops were stationed in Poland, whether Soviet naval vessels were stationed in Gdynia, how many ships were being exported to the USSR, etc. West German sailors were the leaders in those “suspicious interrogation” operations, with 52 such cases registered in 1971.\(^{170}\) Echoing the high diplomatic concern for West German revisionism and the allegedly barely disguised reclamation schemes, West German sailors, apparently working for the Bundesnachrichtendienst (BND), were perceived as particularly active on the front of quiet subversion through maritime channels.

In a similar counter-intelligence report prepared by the SB, also based on a reconnaissance operation codenamed ALPHA, West German sailors were singled out yet again. According to the data provided by ALPHA, in 1970, a total of 5,985 of capitalist merchant ships were serviced by the Polish ports, 2,549 of them from the FRG, with 22,400 West German sailors out of 73,033 altogether. Put otherwise, “seven West German ships and sixty-three sailors visited Poland” daily in the early 1970s. “These figures are indicative of a permanent danger, especially in the northern regions of our country, with sizeable potential for West German intelligence penetration.”\(^{171}\) As a

\(^{170}\) Ibid., l. 28-29.

\(^{171}\) Ibid., l. 69.
countermeasure against this threat, the authors of the report suggested that the network of “personal sources of information” should be “expanded and utilized,” especially among: port workers, taxi drivers, waiters, and janitors working in entertainment establishments as well as “the criminal element, in order to control the behavior of the FRG sailors outside of the port grounds.” In other words, the SB not only possessed detailed information about the activities of “the criminal element” such as cinkciarze and prostitutes, but also actively cooperated with them to secure Poland’s counterintelligence shield.

West German sailors were a convenient scapegoat for all kinds of undesirable phenomena registered by the security apparatus and a credible rationale for ever more vigilance and therefore – more resources. The general availability and popularity of the Western media in Poland, such as the Radio Free Europe or the Voice of America, was outstanding east of the Iron Curtain. It is also worth emphasizing that port cities such as Szczecin and Gdańsk were even more special in this regard. As the Polish secret police noted, journals such as Der Spiegel were regularly smuggled by maritime channels and the familiarity with the German language was higher in the Recovered Lands than elsewhere as was the exposure to the Deutsche Welle. The allegedly pernicious effect of this exposure to German media could crop up in unexpected places. For example, in a report on the background of the 1970 December massacre written a few months after the fact, a Polish counterintelligence officer complained that “a particularly destructive role [...] was played by the Kiel-based radio stations, the Deutschlandfunk and the Deutsche Welle in particular, in the wake of the ratification of the FRG-Poland Treaty.” This subversive influence could justify repressive measures, for example, when the same counterintelligence officer bragged, that “we have

172 Ibid., l. 87.
established the identity of twenty-eight persons working as informers / correspondents of those stations. Severe repressive measures have been applied to some of them.”

Military concerns prevailed, but the domestic socio-political situation and external security are not as neatly distinguishable categories as some regimes might wish. In fact, they were often presented as intricately related by the communist intelligence community. For example, a high-ranking officer tallied purely military concerns side by side with social issues in his 1971 report. The captain of the West German ship Wodan, the officer began, was spotted staying the course within two miles off the Polish Coast from Świnoujście in the West all the way to the Hel Peninsula, 200 miles east. The crew took pictures of military establishments located along the coast. Similar behavior was registered at three more FRG ships: Kellen Husen, Erich Seyd II and Birte O. In 1971, NATO countries infringed upon the territorial waters of Poland 42 times, 24 of the trespassers were West German. One of them, Kellen Husen, when entering the port of Gdańsk, took pictures of military establishments and delivered those pictures to the US consulate in Stockholm.

The main enemy on the domestic front, the officer continued, was particularly those FRG sailors who worked on small tonnage ships that visited Polish ports on a regular basis. Sixteen mariners-spies were identified among them, all of them allegedly working for the BND. While stationed in Gdynia’s Repair Shipyard, a radio officer from the FRG ship Gizda Veumman “had

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175 Ibid., pp. 32-34.
organized an alcohol-fueled binge for the shipyard workers, and then inquired whether their shipyard repaired military vessels.” The captain of the West German ship Scharlota invited port workers onboard and

questioned them about economic and defense issues of the Polish People’s Republic. [...] Those conversations were recorded by a tape-recorder hidden in the neighboring cabin. Sailors are encouraged to ‘abandon’ [i.e. fail to reembark on time] their ships temporarily while in Poland by foreign intelligence agencies. A considerable part of them - no doubt did so due to such an inspiration. [...] We have found that the delayed sailors are subject to detailed investigations [...] after they return to the FRG, by the agents of intelligence and counterintelligences services. During those investigations, they are asked about both Polish and Soviet forces based in Poland. They must give detailed reports about the persons they got to know in our port cities, including detailed sketches of facilities, sometimes – [...] pictures of those persons. [...] Some sailors are accused of initiating cooperation with our organs. We have undeniable evidence of the BND inspiring them to delay their return. Such sailors as Ott, Rein, Witkowski – through their provocative behavior after the delay, attempted to focus our attention on them.176

Most interrogations of the mariners-spies employed by the BND were run by the separate maritime intelligence unit headquarters in Kiel and by its Kiel Canal Aussenstelle in Holtenau. “We have found that, among the illegally delayed FRG sailors, there is a large proportion of those who in the past have deserted the GDR and found employment on West German vessels. We have undeniable evidence that each one of those deserters [...] was interrogated in-depth by the agents of US, British, French and West German intelligence. Some of them delivered plenty of interesting information about the GDR.” A sailor named Wolf, for example, after deserting from the East German Border Protection Troops, was interrogated by all those intelligence agencies and delivered plenty of information about border security. “We also notice that FRG sailors often attempt to persuade the citizens of the socialist camp, who stay temporarily on the Coast, to escape through maritime channels to Western Europe. They offer their help in hiding them on the ship.”

176 Ibid., pp. 28-30.
It was the GDR citizens who were usually the ones most interested in “escaping through maritime channels, they sometimes come to the Polish Baltic cities specifically with that purpose in mind.”\textsuperscript{177}

In 1971, 123 capitalist sailors were “unjustifiably delayed” in Polish ports, 48 of them from West Germany. It meant that, for whatever reason, they failed to re-board their ship on time before she raised the anchor for the return journey. “Another manifestation of hostile attitude of capitalist sailors is the ideological and revisionist propaganda transported by all possible means and methods,” composed of various kinds of banned literature and magazines. Not unlike the Vatican, the Polish authorities kept and updated a long list of forbidden books. Earlier – those ideologically hostile materials were simply smuggled inland in personal bags. Now – they were left abandoned on the ship in publicly accessible spaces, to be picked up by dockers at their discretion. “This phenomenon intensifies during the moments of international political crises and/or complicated internal situation in Poland. It was the case after Israel’s aggression on the Arab countries [1967], the Czechoslovak events [1968] and the December events [1970] in Poland.”\textsuperscript{178}

The December 1970 Protests were sparked by unexpected price hikes on food and other everyday items two weeks before Christmas. In the aftermath of the protests, which started in the Baltic shipyards in Gdańsk, Gdynia, Szczecin and other coastal towns, and evolved into violent riots that engulfed those cities for an entire week, at least 42 people were killed and more than 1,000 wounded in a brutal pacification co-administered by the Polish People’s Army and the Citizen’s Militia. In late December, the \textit{Voice of Szczecin} daily released an article entitled "Let us

\textsuperscript{177} Ibid., p. 31.
\textsuperscript{178} Ibid., p. 30-32.
think it through one more time. It enumerated all of the damage totaling twelve million złotys and ended with an emphasis on the significance of “certain political losses” that were perhaps less tangible, but not less consequential. “The main slogan of the revisionist FRG propaganda was the claim that the [December] events occurred in the German lands, the inhabitants of which do not feel at home. It served as evidence for arguing that the recently signed Polish-West German treaty has been rendered void. [...] Szczecin, Poland’s window to the world, has been, is and will be that one special spot where each incident assumes an extraordinary significance. Both good and bad. We have to keep that in mind.”179 Similar words were uttered by Szczecin’s first postwar mayor, Piotr Zaremba: “The anarchy in the streets, catapulting our city into world headlines at the very moment when our real achievements here have just been internationally acknowledged and recognized as an irreversible matter of fact in the recently signed treaty, has to be recognized as an act worthy of condemnation.”180

The main argument used by the regime to turn the public opinion against the striking Baltic workers was one blaming the “vulgar excesses” on “hooligan and gangster-like elements,” “provocateurs” and other “anti-socialist elements.”181 A variation on this theme was to accuse the “hooligans” for playing directly into the hands of “the enemies of Poland,” more or less consciously.182 In the aftermath of the Protests, the more active among the workers were branded


as collaborators of foreign intelligence services, the BND in particular. In an operational report prepared by the Polish counterintelligence in October 1971, a Polish counterintelligence officer wrote: “[t]he December Events on the Coast and their aftermath coincided with a spike in foreign intelligence activities […] As the official relations between Poland and the FRG are being normalized, the possibilities for hostile propaganda activity targeting our society are on the rise […]”183 Eight foreign spies, five from the US and three from the FRG, were detained in 1969-1970. All of them were sentenced to severe prison sentences. A few West German sailors were discovered “smuggling out certain documents that have disappeared during the December events […] including [the photographs of] the burning edifice of the Central Committee of the Polish United Workers’ Party. In Hamburg, a well-known agent of the BND is offering a very high remuneration in exchange for a written account of the December events.”184 In 1971, the Polish counterintelligence claimed to have uncovered ten cases of “espionage-indicative inquiries” [questioning of Polish citizens about politically sensitive issues] by the BND, including one case of a shipyard worker’s wife” questioned about the mood in the shipyards. “Most questions focused on the December events.”185 An increasing number of West German tourists (2,500 in 1970 and 5,929 in the first nine months of 1971) was indicative of the fact that “a majority of tourists perceived their arrival as strongly linked to the Polish-West German negotiations” which materialized, for example, in their attempts “to conduct opinion polls surveying the [prevailing] attitudes to Brandt’s new policy.”186 Any Pole who answered such ‘opinion polls’ was

183 IPN Gd 00105/8 t. 2/1, “Główne problemy pracy Wydziału II-go…,” l. 209.
184 Ibid., 210.
185 Ibid., 206.
186 Ibid., 211-212.
automatically suspect. The activities of the BND, real or fabricated, were exploited by the regime to frame the December 1970 Protests as instigated by foreign plots and subversion. In particular, the reports pointed to the West German Christian-Democratic opposition labeling it a “special interest group” interested in destabilizing the situation in the Recovered Lands. The intensity with which the authorities tried to frame the alleged West German plotting as the real culprit of the December ‘disorders’ suggests that they quickly came to a conclusion that the German boogeyman had to be immediately reapplied as soon as the first consequences of his departure could be observed.

Judging from the protocols of the Politburo meetings, the events on the Baltic Coast stirred a veritable panic among the leadership. While the workers were setting the edifices of party committees on fire, both in Gdańsk and in Szczecin, the international context exerted pressure of no smaller caliber. That pressure was expressed succinctly by Ignacy Loga-Sowiński, an influential Politburo member: if both Gomułka and the prime minister Józef Cyrankiewicz were sacrificed as scapegoats responsible for the massacre, “a peculiar situation would ensue - two weeks after signing the treaty with the FRG, both its initiator and its signatory would be gone. It is a matter of state importance.” After Gomułka was dismissed on December 20, Gierek still needed several months to restore law and order. The fact that Cyrankiewicz was ‘promoted’ to a position of the Chairman of the Council of State (a nominally top, but practically powerless position) a few days after Gierek took power is indicative of the fact that Cyrankiewicz had to remain to ensure that at least one signatory of the Warsaw Treaty was still a high state functionary.

Cyrankiewicz held this post until he retired altogether in 1972, after the ratification of the Treaty in the Bundestag.\footnote{Another indication of the topic’s importance: in an opinion poll conducted in Poland in June 1972, the ratification of the Warsaw Treaty was viewed by the respondents as the most important international event, more so than the recent visit of Richard Nixon to Poland. Quoted: Krzysztof Ruchniewicz, "Ostpolitik and Poland," [in:] Carole Fink et al., Ostpolitik, 1969-1974: European and Global Responses (New York: Cambridge University Press, 2009), 48.}

### 3.3. State-Sponsored Partnership in Crime

After Gierek came to power, the specter of the German boogeyman was toned down, but did not disappear. It was still paid lip service due to political convenience, but its real purpose was to cover the very real and growing dependency on foreign technology and capital, most of which was coming from Germany. Nowhere was the East’s inability to keep up with the West as blatantly visible for an ordinary citizen as in port cities. The Russian ruble never reached a fraction of the street reputation enjoyed by the dollar or the D-Mark. It was a truth that every child growing up in Gdańsk’s New Port district learned faster than anyone else in Poland. An insight about how this basic truth trickled down to the thinking of top-level regional police officers is provided by a document from February 1973, a transcript of a meeting of top policemen and justices responsible for fighting economic crime in Tricity. It was precisely in such internal debates between regional executives, who were responsible for translating the directives from Warsaw to the rank-and-file officers in the street, that the growing inconsistencies between the center’s rhetoric and action were exposed. The end of their conversation provides they key to how the twisted economics of late socialism worked:
“Mayor Brzozowiec: a large number of dollars circulating here [in Tricity] goes to the PKO [stare-run hard currency accounts] through purchases e.g. of Fiat automobiles. Those dollars come from the black market though. We need to reach out to those individuals and ask them where they get their dollars from.

Deputy commander Colonel Żuchowski: … but by doing this we will scare people away from selling their hard currency to the PKO accounts, leading to money flowing out abroad.

Lieutenant-colonel Tomiak: when it comes to groceries and other goods brought legally [from abroad] … or when a tariff tax is very low, it is the Customs Office that should take care of them. We will not deal with them.”

And that’s where the council concluded,” the typist wrote down.  

Two fundamental tensions are highlighted in this short exchange. First: the inherent contradiction between the state encouraging its citizens to open hard-currency accounts while outlawing the most accessible means of obtaining the dewizy. Second: Tomiak’s remark hints at the overlapping of institutional policing competence that Warsaw might have actually encouraged. What Tomiak was referring to was a major change in the Kodeks Skarbowy [an equivalent of the Tax Code] in 1972. It led to a big drop in hard-currency crimes recorded, because from now on most of them were not registered as felonies, unless the sums involved were considered “of significant negative social impact” [wysoka szkodliwość społeczna]. The devil was in the details however – whether a given trafficking or hard currency violation qualified as a felony depended

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189 IPN GD 05/64, t. 27, “Protokół z narady kierownictwa jednostek MO Trójmiasta. Temat: Zaktywizowanie działań operacyjnych w zakresie zwalczania przestępstw dewizowo-przemytniczych,” Gdańsk, June 20, 1973, l. 398.
on which price regime (official or black market, if black market – how prices were established?) was used to calculate the scale of violations. After the 1972 reforms, the penalty for the vast majority of currency violations was a fine; these violations were thus downgraded to misdemeanors and came into the jurisdiction of the customs and tax administration rather than the police. This ambiguity was perhaps consciously left under-specified as it stimulated competition between various administrative bodies – whoever got his hands on a given case first was in charge of policing the hard-currency criminality and thus for scoring numerous successful operations and accordingly – premiums. In 1970-1971, black market demand for US dollars was estimated by these regional police executives to be about three million in Tricity.190 Whatever could have been sucked out of this pool, whether by hard-currency stores and accounts or by fines and confiscations, strengthened the Polish state and in turn – the resources at the disposal of its security apparatus.

Further reading of the transcript shows that the police were not very happy with Gierek’s laxer policy on hard-currency and “the so-called maritime violations,” but they still had an order to pursue them according to the letter of the new law. In the final analysis, all that mattered was to absorb the hard currency by hook or crook. “When it comes to the so-called maritime violations – we have to perfect the methods of their prevention and liquidation, regardless of the new Tax Code classification, because you can get high yields of hard currency from those cases.” According to Captain Sikorski, there was a lot of competition to “acquire” the maritime cases between various institutions. Furthermore, because of this new liberalization, “the convicted citizens return to smuggling with an even higher energy to compensate their earlier losses.” Interestingly, the slang

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190 Ibid., l. 399.
term *cinkciarz* was already an official word (no quotation marks) and was by far the most frequent word uttered during the entire council. The Minister of Interior himself told the policemen that chasing after the *cinkciarze* was the number one priority of his Ministry for 1973.\(^{191}\)

Another similar council took place a few months earlier. This was one specifically devoted to forex-contraband criminality. Top police leaders from both Gdańsk and Szczecin areas were present. The proceedings led to the establishment of a separate police group to monitor the *cinkciarze*, sailors and tourists during the high season. The recently opened ferry connections from Gdańsk to Sweden did not make things easier, the policemen complained. Experiences had to be exchanged with the specialized units from Szczecin and Świnoujście, where the local police had already accumulated more expertise in monitoring the traffic to and from Scandinavia. In 1972, a special team of five officers in Świnoujście oversaw the ferries, and just in that year – they reclaimed four million PLN in fees and duties.\(^{192}\)

The communist regime in Poland always had to walk a fine line between what it was theoretically ideologically committed to and what was realizable in practice without causing too much of social discontent. As described in the introduction, the state’s number one priority was the monopoly of power and conventionally understood political supremacy, which left fewer resources for policing the grassroots economic life, especially beneath the level of large state-owned conglomerates. In consequence, one of the most systematically neglected institutions was the customs administration. Given their low pay, poor esprit de corps, sparse and arbitrary

\(^{191}\) Ibid., l. 402.

\(^{192}\) IPN GD 05/64, t. 27, “Tezy na naradę z kierownictwem jednostek MO Trójmiasta,” Gdańsk, February 17, 1973, l. 388.
oversight, it is not difficult to understand why many customs officers succumbed to the prospect of hard currency income on the side for letting the contraband pass unnoticed.\textsuperscript{193}

The efficiency of the Tricity customs administration “increased dramatically,” or at least so the authorities believed, after the Ministry of Foreign Trade introduced a rule (in 1964) that a successful officer was to be personally rewarded with hard currency for intercepting contraband. “This decision was forced by the fact that many workers in the customs administration, instead of fighting with contraband, cooperated with the criminals for a small bribe.” The highest number of such cases registered occurred in the Gdynia customs office. This was the case largely because Gdynia serviced much more of foreign trade with the capitalist West than Gdańsk, which was the main port servicing the exchange with the Soviet Union.\textsuperscript{194} In 1968, the Gdańsk Customs Office succeeded in identifying the perpetrators only for 41.4 percent of the total value of the contraband discovered. In the first half of 1969, the identification rate dropped to 24.1 percent.\textsuperscript{195} It was not possible to provide even a rough estimate of the real detection rate, but it is safe to assume that it must have been in the single digits. The likelihood of being exposed was thus extremely low, not to mention the likelihood of suffering severe penalties.

The Police Department in Gdynia had under its supervision some 22,000 workers employed in the city’s seaport. The regular MO units dealt mostly with “acquisition of socialist property” (i.e. theft) from port magazines and related issues that did not belong to the hard-


\textsuperscript{194} IPN Gd 091/9, Chapter IV, p. 17.

\textsuperscript{195} IPN Gd 0046/227/3/5, l. 16.
currency-contraband category. By 1960, there were secret informants, or TWs [Tajny Współpracownik] silently cooperating with the secret police to uncover economic crime, and this figure refers just to the Economic Crime Division, where ca. forty new dossiers – new informant files – were added annually. In 1971, 1,329 informants worked for the Economic Crime Division in the Gdańsk Voivodeship, 2,992 citizens were listed as “suspect,” 5,402 denunciations were received from the population, 506 persons suspected of economic crime were under observation, 281 of which were “particularly heavily invigilated.” Tajny Współpracownik (TW, secret informer) remained the most valuable source of information for the authorities throughout the period. There were altogether 140 of them in Tricity in 1982, just in the hard-currency-contraband division, which employed 14 permanent secret police officers.\footnote{IPN GD 05/64, t. 27, Ocena pracy pionu d/w z przestępstwami gospodarczymi jednostek MO województwa gdańskiego za rok 1972, Gdańsk, January 21, 1973, pp. 3, 6, 8, 9, 37.}

The Economic Crime Police kept a watchful eye on the world gold, silver and dollar markets and followed the changing rules of world trade traffic. But no less difficult to follow was the constantly changing rulebook for what the Polish authorities taxed on the border and how much. In 1972 for example, “pepper, garlic, raisins, tea, spices” could be traded freely, while a low tariff was collected on: “wigs, umbrellas, plastic shoes.”\footnote{Ibid., 37.} These bureaucratic regulations changed year to year and it was essential to know someone from the customs administration who would suggest which goods were going to become duty-free in the near future, so that advance purchases could be made – the equivalent of futures market under socialism. The Polish newspeak word to capture these kinds of arrangements was korupcjonogeny – conducive to spread corruption.

\footnote{Ibid., 37.}
Experienced police officers agreed that recruiting reliable, informed and subtle TWs [informants] was the most efficient way to make inroads into the black market underworld. With time, this method of *rozpracowywanie* (planting of undercover agents) became the Economic Crime’s Police’s default working procedure.\(^ {198} \) The growing reliance on informants demonstrates that the number of people who were willing to cooperate with the communist authorities was not insignificant in Poland, even if perhaps always lower than in the GDR. The Polish secret police were not wealthy enough to afford the kind of instrumentarium enjoyed by the Stasi, but the more technologically sophisticated operational methods were perhaps disposable since there was always someone who was willing to inform on his or her colleagues. A few large operations demonstrated the indispensability of a good informant. One of them, codenamed FRUIT, was run against an organized criminal group suspected of stealing citrus fruit worth several million PLN in the port of Gdynia. Sailor-smugglers were thus not the only potential enemies of the people, in the regime’s logic, but dock workers and pretty much anyone with access to port ground could also come very close to that ominous category. Thirty-nine persons were arrested as operation FRUIT concluded. The key to success was the heavy-duty invigilation of “the so-called millionaires” – nineteen private farmers from the Kashubian hinterland. The connection between the (unsurprisingly) un-collectivized agricultural sector and the ports was undeniable, in the eyes of the regime. “The real scale of the existing contraband cannot be gauged, but the gathered intelligence […] indicates [that it is a] serious threat, particularly in Tricity,” the report concluded. Fifty-one cases against foreign sailors were opened in 1971 alone, all for hard-currency-smuggling violations. The authors of this investigation did not forget to share their view on the mainsprings of national economic growth in

\(^ {198} \) IPN Gd, 427/1/3, Walka ze Spekulacją, 1981-82, l. 8.
light of their criminal findings: “the basic factor accelerating socio-economic growth is rooted in the issue of enhanced social discipline.”

3.4. The December 1970 Massacre

Port towns are (in)famous for their entertainment districts and Tricity was no exception. No area compared to Hamburg’s Reeperbahn, but what Tricity offered in its stead was, for example, a high-rise “universally known as the house of dollar prostitutes.” According to a secret party investigation carried out after the December 1970 Protests, the so-called dollar prostitutes purchased their apartments in the high-rise thanks to the dollars dispensed by the members of the provincial National Council [Rada Narodowa], who relied on their services. The Gdańsk police estimated that 1,220 prostitutes in Tricity were officially ‘registered’ – under surveillance and occasionally cooperating with the secret police. This occupational group was split into two distinct categories: the hard currency prostitutes and the regulars. The former “would not even look at you,” as a former customer refreshed his memory in an interview, if domestic currency was presented. It was also estimated that up to 50,000 sailors from the capitalist world, mostly from West Germany and Scandinavia, visited Tricity annually leaving behind up to four

199 IPN GD 05/64, t. 27, Informacja o realizacji zadań wynikających z Dyrektywy nr 4 Kierownictwa MSW oraz planów pionu d/w z przestępstwami gospodarczymi na rok 1973, Gdańsk, August 12, 1973, l. 2-3.

200 AAN, Sygn. XII-1795, "Sprawozdanie zespołu badającego problemy społeczno-ekonomiczne wybrzeża gdańskiego," l. 55.

201 Piotr Włóczyk, Prostytutki i SB, „Historia Do Rzeczy”, Nr 9/19, September 2014, 15.
million USD by acquiring currency and services mostly through the two main sources of exchange
and consumption: cinkciarze and the so-called dollar prostitutes.202

A few days after the December 1970 massacre, a secret Commission for Investigating the
Socio-economic Problems of the Coast was brought to life by the Party. Its final report was
circulated in the halls of power in February 1971. The conclusion read:

“There exists a strict link and dependency between […] the phenomena of criminal and
hard-currency activity, the sailors’ frequent contacts with ‘the Western style of life’ and
the existence of an impressive world of private wealth on the Coast and the demoralizing
influence of that lifestyle […] on a certain group of younger workers, especially those
poorly paid. This influence is reflected both in recruiting some of them into that world, e.g.
as dummy cinkciarze [those actually initiating street transactions, the most vulnerable job]
as well as evoking, among a considerable group of workers, hatred of the world of wealth
and resentment of the authorities who tolerate it. All of this has certainly played its part in
the December 1970 events.”203

The 1970 December Protests, a turning point in the history of communist Eastern Europe,
had a crucial socioeconomic background so far missed by most accounts: social stratification
rooted in income disparities. As indicated by the report quoted above, it was the growing income
and status gap between those employed in the state-controlled industrial sectors (such as the
shipyard and dock workers) and those profiting from the so-called parallel economy revolving
around various ways of ‘parasitizing’ on the foreign trade flow passing through the ports that
constituted the socioeconomic backbone of the crisis. While workers in the Lenin shipyard toiled
for a meager salary in the unconvertible Polish zlotys, the dollar or deutschmark revenue of those
who sailed to the West in the ships the workers had built (if they gave some forethought on how
to arrange illicit smuggling operations) made more profit than the workers could expect to amass

202 “Sprawozdanie zespołu…,” AAN, XII-1795, l. 55.
203 Ibid., l. 57.
in years of toil. The fortunes of those employed in the maritime export services were not to meant to remain covert. The conspicuous consumption of the black market kings was meant to be seen, as will be demonstrated in Chapter II. The relationship between wealth and cooperation with the secret police was not meant to be seen, but was even more self-evident than the often-nebulous origins of wealth. This stratification dynamic in the Baltic port cities is essential to understanding why Solidarność was created in shipyards, but also why its message of social justice reverberated so strongly in a country where the egalitarian promise was the only remaining appeal of the Marxist-Leninist ideology. This sensitivity was already widespread in 1970 and is reflected in a letter to the Radiokomitet (the central media authority), collectively signed by “the shipyard workers of Szczecin.” It ended on the following note: “We do not want to have this kind of party leadership, we do not want dictatorship. We want to be members of a truly Marxist-Leninist party, with reasonable, flexible and truthful leadership. We want true socialism! Away with the careerists and the ‘red bourgeoisie.’”

Poor pay and the appalling housing shortage, strenuous labor, inefficient organization, arbitrariness of managerial decisions – the Dickensian working conditions were the very real causes behind the growing frustration. The sense of injustice was additionally fueled by observing

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204 Anna Walentynowicz, the heroine of the August 1980 strike, enraged the Lenin shipyard management already in 1978 when, in an underground newspaper, she reported on their luxurious, in her eyes, lifestyles. See: Douglas Martin, "Anna Walentynowicz, Polish Provocateur Who Spurred Communism's Fall Dies at 80," The New York Times, April 12, 2010, A17.


the wealth of the smugglers growing with each shipload successfully bribed through the port gates. Many secretly coveted the elegant jackets worn or the BMWs driven by the entrepreneurial few among the sailors. Many wondered how it could be that the workers’ state allowed its vanguard of the Lenin shipyard to fall so low in social and material standing. When the protests turned into looting and destruction on the night of December 17/18, one of the first shops robbed in Szczecin was the one where one could purchase luxury products only by paying with foreign currency.

The announcement of price hikes on December 12 was almost a textbook example of a spark that set off the proverbial powder keg. The (perfect) storm had been long in the making. December 13 happened to be not only a Sunday, but also a traditional ‘trading Sunday,’ two weeks before Christmas. Forty years later, those who were behind the decision to raise prices are still unable to explain why they did not consider the potential consequences of such provocative timing. Not unlike Franz Ferdinand’s insistence on riding in an open car in Sarajevo on June 28, 1914, the decision to raise food prices just before Christmas meant asking for trouble. The proponents of the conspiracy theory point to this coincidence as a major piece of evidence indicating that the entire ‘revolution’ had been orchestrated well in advance. In the author’s opinion, such a view ascribes more intelligence and foresight to the economic planners and military commanders than is justified by evidence. More likely is that that fateful decision both reflected and symbolized just how out of touch the communist technocratic elite was with the cultural sensitivity of the predominantly Catholic and conservative Polish population.

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While the December 1970 Protests were brutally quelled and initially appeared to usher in nothing else but personnel changes on the top, they did in fact transform Polish politics by forcing the regime to pursue a more welfare-oriented course. Resources were shifted from the industrial to the consumer sector and the foreign loans utilized to import Western consumer goods. Those changes were ironically conducive to a new bonanza for illicit maritime economics, now remembered as the ‘golden decade’ among some of the senior Tricity residents. In this sense, the forces behind the breakthrough of Solidarity in 1980 were a replay of the 1970 revolutionary scenario, but with a greater force and better strategy.

There is one other chapter of Polish communist history that is still rarely opened. Poland was not an exception of course – very few European politicians or public figures could hope to win any credit by speaking well of Germany well after the Cold War was over. Due to the weight of Germany’s twentieth century burden, this could remain true for a long time. But to understand why and how communism ended, it is impossible to overlook the significance of the West German Wirtschaftswunder. Sailor-spies mentioned in this chapter played a role in spreading it eastward, but the bulk of the heavy lifting was done by similarly quiet and forgotten men and women of the sea. Most of them were not primarily interested in ending communism, but in getting ahead in life. The easiest way to do so was to plug into the West German prosperity and the closest place to do so was Hamburg. Since the physical wall between communist Europe and the West ended on the Baltic beach near Lübeck, the easiest way to bypass it was to go north, across the sea. The next chapter takes a closer look at how that was done.
4. Chapter II

Contraband, bribes, drugs and big bucks:
The unknown backstory of Solidarność

4.0. Apocalypse at Solidarity’s Carnival

On December 17, 1980, many families in Poland were one week away from celebrating the most hopeful, the most expectant Christmas since the end of the Second World War. ‘The Carnival of Solidarity’ was in full swing and the newly formed, ‘independent and self-governing trade union’ was marching from one milestone victory to another. The ranks of Solidarność had swelled to several million within weeks after the signing of the August Accords. The eyes of the world were upon its charismatic leader Lech Wałęsa gallantly confronting the communist colossus. With the Soviet troops bogged down in Afghanistan and Leonid Brezhnev a shadow of his former self, guaranteed support from the Polish-occupied Holy See and words of encouragement from Ronald Reagan and Margaret Thatcher – everything seemed to portend that the New Year must usher in a change. A year later, on December 17, 1981, nine bodies of fallen miners from the striking Wujek shaft were lying cold in a morgue, victims of a ruthless pacification of the day before. Solidarność was being swiftly crushed under the Martial Law and its activists already locked in a detention camp. That day found many without a clue about the fate of their loved ones, fearing for their lives, facing the saddest Christmas in Poland since the war.

Also on December 17, 1980, the Gdynia headquarters of the Polish Oceanic Lines (PLO), a major maritime freight carrier servicing Polish foreign trade, was alarmed by an unusual message
An investigation codenamed *Apocalypse* carried out by the Gdańsk police concluded that the drug must have been supplied in Bangkok by a local “businessman known as Mr. U,” with the assistance of at least two seamen from the Polish ship. Mr. U had visited Poland for the first time in 1979 and apparently was sufficiently impressed by the charms of the sister of a sailor he had befriended to reciprocate with an invitation for a ride around Bangkok in his Mercedes-

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209 Marcal Joanilho, “Record heroin cache seized,” *The Hongkong Standard*, 17 December 1980. A copy can be found in: IPN Gd 0046/714/DVD, l. 7. According to information from an expert of the US Drug Enforcement Administration, that particular sort of heroine belonged to "Group 3" and thus its black market was lower - 8 million USD. [Afer:] "Wniosek o wszczęcie postępowania przygotowawczego w sprawie przemytu ładunku narkotyków na statku PLO m/s "JASTARNIA BÓR", Gdańsk, 21.2.1981; IPN Gd 0046/714/DVD, l. 135.


211 IPN Gd 0046/714/DVD, "Doniesienie: Sprawozdanie z podróży na statku "Jastarnia Bór" do portów Dalekiego Wschodu w dniach 21.10.80 r. do 4.03.81 r." 10.05.1981, l. 141.

212 IPN Gd 0046/714/DVD, "Wniosek o wszczęcie postępowania przygotowawczego w sprawie przemytu ładunku narkotyków na statku PLO m/s ‘JASTARNIA BÓR’,” Gdańsk, 21.2.1981, l. 135.
Benz. The rendezvous was set for December 1980. The two Polish seamen promised to deliver the drug to Western Europe, either to Rotterdam or Antwerp.

The deal was sealed two months earlier, in October 1980, somewhere in Tricity. A visit from two South Asian gentlemen to a touristy cafe was nothing unusual in that cosmopolitan port metropolis, and definitely not in the fall of 1980. Tricity was still brimming with foreign press correspondents who had flocked to report on the strikes of August. Attention focused on the political aftermath of the birth of Solidarność, officially registered in Gdańsk on September 17. Tricity had turned into a pan-national center of oppositional activity. Committee elections, demonstrations, spreading leaflets and bibula [the underground press, the samizdat], personnel rotation in the Politburo or the Cold War turning hot in Afghanistan – developments of similar caliber were on the agenda. A routine shipment of fodder was bound to pass unnoticed, or so did the sailors think. The m/s Jastarnia Bór left its home port on October 21, 1980. For the ship’s captain, accompanied by his wife and son, it was the last deployment before his retirement. Unexpectedly, the goodbye voyage turned sour in Hong Kong. Some of his officers evidently saw the opportunity to earn some serious cash too good to miss.

A few weeks earlier, on August 15, 1980, the second day of the so-called ‘work stoppages’ at the Lenin shipyard, a Polish cargo ship m/s Wadowice, named after the hometown of the recently elected pope John Paul II, returned home from the short cruise to the Danish port of Aarhus. As Szczecin’s police found out the next day, soon after the ship’s arrival to Aarhus “the local police

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213 IPN Gd 0046/714/DVD, l. 147.
214 IPN Gd 0046/714/DVD, l. 135, ‘Wniosek o wszczęcie...’
arrested several Danish citizens for the possession of one hundred cigarette cartons” (ca. 1,000 packs). The detained claimed that all the packs were delivered by the Polish ship. As the entire crew refused to disclose the identities of the smugglers, the case made into the local court, which was quick to fine the Polish state-run carrier PŻM [Polish Maritime Fleet] with a fee of ca. 16,000 dollars. The court proceedings delayed the ship’s departure by three days, allowing the m/s Wadowice to return just in time for the strikes. But while their colleagues from the PLO land administration were getting ready to join the strike in Tricity, the PŻM foreign-travelling officers had to “hold negotiations” with the Danish side to cancel, or at least reduce, the fine they had to pay for the sailors’ cigarette contraband business. Aarhus was just one among thousands of similar ‘slip-ups’ in a business that had been nonetheless profitably underway for decades.216

The opportunities offered by the life at sea had not remained foreign to the young students of the Maritime Academy of Gdynia. In 1981, while some of their peers where organizing sit-down strikes and demonstrations, ninety-seven young sailors returned from a six-week voyage around the world with leather jackets and other fashionable apparel worth ca. eight million PLN. “The average worth of merchandise per one student was 82,250 PLN,” with wares worth more than 100,000 PLN officially cleared by twenty-three young seamen.217 At the time – under Martial


Law introduced on December 13, 1981 – that sum was more than shipyard workers could hope to earn for years’ worth of labor.

The struggle of *Solidarność* and the imposition of Martial Law sparked a generous inflow of humanitarian aid to Poland from around the world. Much of it was genuine charity for those in need, some of it CIA- or Vatican-sponsored support for the anti-communist opposition and some of it – camouflaged merchandise. The Polish diaspora in Finland, for example, formed a “charity organization” named YPOF and relied on its contacts among Polish seamen to ship “charity packages for the people of Poland,” which consisted chiefly of objects such as: chocolate, coffee, pantyhose, nylon jackets, i.e. the classics of maritime contraband.218 When the m/s Wróżka [Fairy] visited Norway’s Lillesand, a local compatriot entered the ship pleading with the captain to help him to “ship some charity donations, which he would like to bestow upon an orphanage in Police, a small town near Szczecin. The donation contained 340 pairs of ‘jeans’ and two bags of used clothing for kids and teenagers. The captain agreed. Soon afterwards, the crew came to an agreement that they would divide the ‘jeans’ between themselves and donate what remained to the orphanage. [...] After the captain found out, he categorically prohibited to accept any charity donations from [that person] and ordered the donations to be taken off of the ship.”219

Other sailors approached the issue of humanitarian aid rather differently, some with indignation at the very notion that Poland was in need. For example, as the m/s Huta Zgoda

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218 IPN Sz 0012/499/1, "Notatka Służbowa dot. darów z Helsinek na statku m/s "A. Borowy" band. PRL /PLO/ na nabrzeżu Czechosłowackim,” z dnia 21.03.1983, [in:] "Korespondencja Wydziału II Wojewódzkiego Urzędu Spraw Wewnętrznych w Szczecinie oraz inne materiały dotyczące polskich marynarzy i statków," Wojewódzki Urząd Spraw Wewnętrznych w Szczecinie, l. 271.

Steelworks of Friendship] anchored at the French port of Caen in July 1983, two customs officials entered the ship and approached its chief steward. The crew’s initial anxiety stirred by the unexpected visit dissipated as it turned out that the French officers brought with them charity donations from the French people. This time it was real aid “addressed to the poor in Poland […]. We know that people die of hunger in Poland, suffer from poverty and have no clothes to wear,” the Frenchmen said. “The officer laughed at those words, but accepted the donations nonetheless.” The undercover agent on the ship, in his after-action report to the SB, criticized the captain for his lack of firm response to the words of the Frenchmen, which (in his opinion) slandered Poland’s reputation. “It would be useful to instruct the captains and other officers,” the agent suggested, “to assume a more critical attitude toward accepting the donations. In this case, the officer did not bother to reply with a comment that would correct the mistaken view of the Frenchmen.” Indeed, the idea that Poland was in need of material help might have seemed absurd to an officer on a merchant ship servicing a line to a wealthy western port, not to mention the political officer watching over him.

On the eve of Solidarność in the summer of 1980, a special council met at the Ministry of Trade and Maritime Economy. The Ministry’s officials met with the representatives of the Central Customs Bureau [CCB] to discuss the growing problems of the “sizeable contraband and customs, border and currency violations in the sailor’s milieu.” The CCB officials had written similarly unsettling reports earlier: in 1973, 1974, 1977. All of them informed the Ministry of the “commercial purposes behind the goods brought home from abroad” by the sailors, who cleared

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them indicating ‘personal use’ or ‘gifts for family and friends.’ Those goods, often western wares unavailable at home, were then ‘liquidated’ on the black market for a handsome profit and entered the alternative distribution chain. The sources of financing behind hard-currency purchases in western ports on such a vast scale were “similarly self-evidently illegal.” Those sources were, for example, “smuggling and ‘inter-port transactions’ [sic] along the voyages’ route.” “The result of such conduct” – the authors continued – “are the acute financial penalties, so well-known to the Polish shippers, which must be paid in numerous ports around the world as a result of the contraband practices of the Polish sailors.” Some “old-school captains” captains, known among their crews as “liberals or good old pals,” earned their reputation through “helping the crews to quietly settle the various disciplinary fines imposed on them due to customs violations.” The preference for ‘inter-port transactions’ was motivated by the virtually complete inability of foreign authorities to execute fines from individual sailors – in most countries, collective penalties were levied on the ship-owner because promised at least some chances of execution. By using the ‘inter-port transactions’ outside of Poland, sailors escaped the only legal body that could potentially hurt them – the Polish customs and judicial authorities. The most popular route for inter-port transactions followed the Kiel Canal down to Hamburg, Bremen, Rotterdam and

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223 IPN Sz 0012/498/163, "Informacja dot. działalności przemytniczej na statkach PLO," Warszawa, 06.06.1968; [in:] Materiały dotyczące marynarzy polskich oraz statków płynących lub przebywających w portach w Ameryce Północnej […] 1968-1988, l. 129.
Antwerp. A specialized company named Zerssen supplied the crews along the Kiel Canal while Hamburg, Bremen and Rotterdam were serviced by the local Polish diaspora.²²⁴

What the authors of the report emphasized was that only a small part of goods brought and cleared by the sailors could have been purchased thanks to the dodatek dewizowy alone. The discrepancy between what the sailors “should have been” able to purchase had they relied exclusively on the hard currency bonus, is demonstrated by a curious case of a small cargo ship m/s Ciechocinek. The ship carried twenty-three seamen to Germany and France in the first spring under Martial Law, in 1982. They brought back and officially cleared goods amounting to over two million PLN, including 322 kg of roast coffee and 221 kg of chocolate. The total hard currency supplement they had received while embarking the ship equaled 744 USD, 32 USD per capita. In other words, for one dollar received, a sailor returned with (on average) 2,688 PLN worth of merchandise. In April 1982, 2,688 PLN was worth at least five times the black market value of one dollar and more than twenty times its nominal value.²²⁵ Thus the officially tolerated business of importing western consumer goods run at a rate of return of five; that is – if we rely on a conservative (and utterly unrealistic) assumptions that no smuggling took place and that the seamen were ripped off by the Tricity cinkciarze and pawn-shop keepers after arrival.

²²⁴ IPN Sz 0012/498/163, "Informacja dot. działalności przemytniczej na statkach PLO," Warszawa, 06.06.1968; [in:] Materiały dotyczące marynarzy polskich oraz statków płynących lub przebywających w portach w Ameryce Północnej [...], 1968-1988, l. 128.

²²⁵ The hard currency supplement was dependent on seniority, destinations and other factors. See: "Notatka na temat spekulacyjnych praktyk w środowisku załóg polskich statków morskich", Warszawa, 17.08.1982, Główny Urząd Cel, Biuro V; Korespondencja Wydziału II Komedy Wojewódzkiej MO w Szczecinie i Wydziału II Wojewódzkiego Urzędu Sprawy Wewnętrznych w Szczecinie dotycząca przestępstw ujawnionych przez funkcjonariuszy (...), 1982-1988; IPN Sz 0012/497/1, l. 279.
The few snapshots presented above, perhaps particularly symbolically and contextually charged, stand among innumerable similar tales encapsulating the social tensions of real existing socialism. Not everyone in communist Poland was enthusiastic about joining Solidarność, many party members joined opportunistically, many resisted, while others exploited the worsening circumstances, including the introduction of Martial Law, for personal gain. Just a few smuggled printing presses for the samizdat publishing while many more smuggled jeans or liquor. Crowds gathered in churches to pray for the John Paul II’s recovery after the assassination attempt in 1981. But many strayed from their path back home, after the mass was over, to meet with a secret police officer to inform on the ‘ideologically hostile’ deeds of their neighbors. Some received hard currency in return for such services.²²⁶ Many of the ‘indifferent’ were nested firmly in the nomenklatura, but most were ordinary citizens, who were intent on maximizing their material well-being and adapting to the variable political winds. These remarks are hardly revelations. What has never been studied, however, is the way that the aggregate outcomes of operations like the ones described above – operations based on various methods of siphoning off from the foreign trade flow passing through the Baltic port cities – had created a vast shadow economy that, in turn, was an important source of the outrage, indignation and power behind Solidarność. It is also little known that the shadow economy grew dynamically in particular in the late 1970s and under Martial Law. Black market operations such as ‘contraband’ and ‘speculation’ were not only formally illegal and contrary to the overtly confessed ideology, but they had widened the socio-economic inequalities, which in turn became an important part of the frustration that made the dock and other ‘land’ workers take to the streets, again and again.

4.1. Historiographical Intervention

In Poland, there was no shortage of oppositionists in the entire communist period. Their resistance had different grounds and varying levels of intensity and overtness. Based on the evidence presented so far, an impression might have arisen that the (arguably) more opportunist, profit-oriented operations of the Polish maritime sector were either unrelated, or perhaps even alien, to the hard core of political opposition to communism and Soviet domination in Poland. Indeed, it is difficult to see what kind of a spiritual affinity could have bound the smuggling sailors with the previous generations of Polish resistance, the martyrs who sacrificed their life on the altar of the holy national cause, in the numerous and invariably unsuccessful Polish insurrections of the nineteenth century, or those who perished in the Warsaw 1944 Uprising.\[227\] Was there something that the sailors shared with their contemporaries who, for example, circulated the censored *bibula* underground and organized an alternative system of patriotic schooling? Upon a closer inspection, a crucial, and surprisingly mutually beneficial, connection can be uncovered. Carl Bernstein, in a sensational (at the time, in February, 1992) cover-story for the *Time*, wrote:

“[Solidarność] flourished underground, supplied, nurtured and advised largely by the network established under the auspices of Reagan and John Paul II. Tons of equipment -- fax machines (the first in Poland), printing presses, transmitters, telephones, shortwave radios, video cameras, photocopiers, telex machines, computers, word processors -- were smuggled into Poland via channels established by priests and American agents and representatives of the AFL-CIO and European labor movements. Money for the banned union came from CIA funds, the National Endowment for Democracy, secret accounts in the Vatican and Western trade unions. [...] Much of the equipment destined for Solidarity arrived in Poland by ship -- often packed in mismarked containers sent from Denmark and Sweden, then unloaded at Gdańsk and other ports by dockers secretly working with Solidarity. [...] From the Polish docks, equipment moved to its destination in trucks and

private cars driven by Solidarity sympathizers who often used churches and priests as their point of contact for deliveries and pickups.”

Bernstein’s account merits attention for two reasons. First, the exact mechanics of that covert maritime support for Solidarity remain unexplored. What needs more research are precisely the maritime channels of traffic, the subject-matter of this dissertation, from commercial shipping, through cruise lines, fishing, island-hopping tourism, to naval war games, and the ways in which these channels were utilized by the West to exert all kinds of influence upon the Soviet Bloc. This dissertation does not study the exploitation, either by the CIA, NGOs or other organizations, of those connections, although documents confirming its intensity can certainly be found in the communist archives as well. It studies the lower-level, profit-oriented operations of socialist citizens and their effect on the home front. Nonetheless, the connection between the facts that Solidarność grew out of Baltic port cities, and the fact that the maritime channels were one of the main avenues of supporting the underground opposition, is far from accidental.

Secondly, Bernstein’s account is slightly inaccurate. Those underground connections had in fact been pioneered across the former Hanseatic realm much earlier. In other words, they were not established, as Bernstein wrote, by Reagan and the Pope; rather – the two leaders embraced, utilized and developed them. If personal credit is to be distributed, more is owed to the contacts established in the wake of Ostpolitik by the social democratic milieus. We need to get this story

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230 Carole Fink and Bernd Schäfer, Ostpolitik, 1969-1974 : European and Global Responses.
straight in order to understand how Reagan’s (widely known and advertised) intention to support the Polish Solidarność could materialize so rapidly and effectively, as well as to truly appreciate the tremendous role that the maritime channels and networks played in dismantling the Soviet Bloc.

In terms of establishing the channels of support for the fledgling Polish opposition, the role of the Baltic routes cannot be overestimated. The significance of Gdańsk as the hug city is uncontested. It was “the cradle, the new beginning, the moment of birth” of Solidarność.231 The vivid memory of the December 1970 massacre gave birth to a mythos of Gdańsk’s martyrdom, which turned the city into nationwide headquarters for oppositional activity. The early beginnings of that opposition have recently been documented, for example, by the KARTA archivists.232 For another excellent recent overview, see the edited volume Schleichwege: Inoffizielle Begegnungen sozialistischer Staatsbürger zwischen 1956 und 1989, especially the essay: „Eine transnationale Geschichte des geteilten Europa? Die Brueckenfunktion des polnischen politischen Exils in Schweden 1968-1980 als Fallstudie“ by Lars Fredrik Stöcker.233 Both excellent volumes highlight the existence of many crucial yet hardly visible (to contemporaries) links across the historical Hanseatic maritime world, links between individual citizens and between organizations on both sides of the Iron Curtain. Those links, established thanks to and in coordination with the already

231 Andrzej Friszke, Rewolucja Solidarności (Kraków: Więź, 2014), 962.


existing, more commercial and usually illicit links, played a vital role in organizing the underground flow of support for Solidary from across the world in the 1980s.

In 1976, the summer strikes in Ursus and Radom signaled the birth of a new kind of opposition in Poland. The strikes led to the creation of the Workers’ Defense Committee (KOR), which included a group of prominent intellectuals who aided the repressed workers. Workers and intellectuals were the two social groups that the regime had managed to keep separated up until that moment. The KOR provided them with a common platform for banding together to defend their threatened rights. The 1976 moment helped the post-1968 intelligentsia emigration (more often than not: expulsion) wave to forge connections with regular workers, including those from the Baltic shipyards. Thanks to the better-than-average intergovernmental relations between Poland and Sweden, dozens of Swedish journalists were able to travel to Poland relatively freely in the 1970s. They were able to gain access to and the trust of the working milieus, precisely thanks to those post-1968 emigre connections, which enabled them to produce groundbreaking reporting that kept the world informed about the real situation in Poland. Before 1980, Sweden and her Social Democrats played a pioneering role in establishing relations with the growing opposition across the Baltic, relying on the already existing official maritime connections, commercial and other, between the two countries. Those channels were manned and maintained by the old and new émigrés, tourists, rank-and-file sailors, navy officers and other men and women of the sea.

Ferry and cruise connections (e. g. from the Swedish Ystad to the Polish Świnoujście) were often used as regular channels of communications and exchange between the two countries. Manifestos and “forbidden books” were smuggled in and out, but most importantly: “an extensive
network of contacts was established, all of which bore fruit at a later point in time.” After 1981, the Swedish port city of Lund became one of the many headquarters of Solidarity-in-exile that coordinated the flow of information and goods between the West and Poland, alongside other port cities such as the neighboring Malmoe and Gothenburg. Józef Lebenbaum, a Polish-Jewish émigré of the 1968 wave, was also an activist who was heavily engaged in smuggling dissident literature back to Poland and the Soviet Union through maritime avenues. Private Polish yachts were often deployed for that purpose. Most of those yachts did not have an official permission to visit foreign ports from the Polish authorities, but the Swedish political police (SAPO) turned a blind eye when those yachts entered Swedish territorial waters, enabling them to load and unload the vital supplies largely undisturbed.

The previous chapter explained the mechanisms governing the shadow economy of Polish port cities, focusing on maritime contraband, customs violations and other forms of corruption fueling the ‘frenzy of speculation’ in the non-state distribution circuit. It characterized the main actors of the cross-oceanic black market scene as well as provided the best evidence available indicative of its dimensions. It was the inclusive side of the black market coin. It is important to keep in mind, however, that those trailblazing, profit-driven operations did establish the same channels of contact that, in the later period, made it easier for the more strictly political oppositionists to operate across borders. Those oppositionists used the already existing channels to establish new connections, attract international attention or to supply their home country with


235 Ibid., Lebenbaum Interview.
the indispensable printing materials. The role of foreign support for Solidarity, or the (better-known) role of the straightforwardly political oppositionists such as Andrzej Gwiazda, human rights advocates such as Jacek Kuroń, and numerous others who contested the regime on moral grounds, is not to be underestimated. But this chapter focuses on something else. It traces how the not-always-underground consumption of the fruits of the underground enrichment was perceived by those who were not invited to the table, shipyard workers in particular. It focuses on the exclusive side of the black market coin. I argue that the second economy of port cities has so far remained the missing element of our understanding of why Solidarność came to be and what it represented. In other words, the two sides of the black market coin could not exist without each other and both need to be studied in tandem in order to understand how and why communism collapsed.

4.2. The Joys of the One Percent: Conspicuous Consumption

The official consumer market in Poland was legendary within the Soviet Bloc for its inexplicable scarcities and long lines, especially for essentials such as meat or toilet paper. But customers lucky enough to be supplied by the other market were quick to refine their tastes. During one of the (often prearranged) inspections, Gdynia’s Customs Office clerks studied what kinds of products entered the Tricity market through unofficial channels. The contents of the twelve ships surveyed turned out to be not exactly in line with communist austerity and the spirit of collectivism: 387 pairs of artificial eyebrows, over three kg of artificial nails, 2,567 kg of artificial fur and 1,481

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wigs.$^238$ Objects of this type are designed to be seen or at least to cover what is not meant to be seen. While terms such as contraband and black markets might evoke impressions of certain milieus happy to stay on the margins of public life, a closer look reveals that the category of popular contraband objects largely overlapped with the objects promising the highest potential return, and that category overlapped rather closely with objects meant for public consumption or display: apparel, adornments, cosmetics, perfumes, furniture or western limousines. The consumption of western alcohol and cigarettes was accepted in public and certainly did not diminish the consumer’s prestige. Those who (in official phraseology) “adopted a petty bourgeois value system” and “fetishized money”$^239$ were also likely to make it shine. Only drugs and prostitution usually remained underground in the strict sense of the word, though with several prominent exceptions.

Living on the Baltic coast offered a quick graduation from what Lawrence Goodwyn has called “the school of comparative materialism.”$^240$ A resident of Gdańsk once exchanged cigarettes with his Swedish colleague only to find the Polish pack in a trash bin a moment later. He reflected: “we were not building socialism, we were building shit.”$^241$ But the West did not treat some migrants as well as it promised. A dockyard worker left Poland to settle in Hamburg in 1979 only to be bitterly disappointed, and to his surprise. He had worked in Gdańsk for years filching peanuts from the deliveries he unloaded. “He could no longer derive extra income from work, which [in

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$^{238}$ ANN, GUC 30/78, "Meldunek o statnie…," Untitled/Undated [but certainly from 1978], l. 1-14.

$^{239}$ AAN, KC PZPR, WA, LI/3, "Informacja o wynikach kontroli kompleksowej województwa gdańskiego przeprowadzonej w dniach 16-28 I 1984," l. 4.


$^{241}$ Quoted in: Ibid., 105.
Hamburg] had turned into his sole source of livelihood.”

But his case might have been an outlier. Not all Polish dock workers had such opportunities, either to steal or to emigrate, and most did not want to use them in principle. This was certainly true of those who formed the core of the Solidarity trade union, which was also a movement calling for a moral kind of renewal, in Poland.

Nonetheless, the Tricity school of comparative materialism has left a lasting negative impression on many. Donald Tusk, the current EU President, was among them. He remembered his youth in Gdańsk in the following manner:

“The awareness of how life looks like in the West was incomparably higher in Gdańsk than in any other city in Poland. This self-evident, unquestionable knowledge that the West is better led to an early attempt at reflection: why is it better? I do not remember when exactly, but certainly before the Martial Law, we have discovered that it is better not only because there are no Soviet tanks around, but also because there is private property.”

As put succinctly by secret agents surveilling the sailors’ milieu: “The sailor, due to the nature of his job, visits a lot of countries, sees a lot, can participate in many conversations and can thus find a comparative scale.” A comparative scale of such magnitude was out of reach for a vast majority of those residing east of the Iron Curtain.

_Cinkciarze_ and prostitutes belonged to the rhetorically decried underworld. They were ostracized by the communists and the Church alike, and many retreated to a quiet life. There was

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244 IPN Sz 0012/499/2, "Informacja dot. środowiska marynarskiego i atmosfery panującej wśród załogi m/s ‘Wieluń’," Szczecin dnia 17.07.1984 [in:] "Korespondencja Wydziału II Wojewódzkiego Urzędu Spraw Wewnętrznych w Szczecinie oraz inne materiały dotyczące polskich marynarzy i statków," Wojewódzki Urząd Spraw Wewnętrznych w Szczecinie, l. 46.
nothing inherently anti-socialist in being a sailor, however. Yet it was a profession equally instrumental to the functioning of the second economy of the Baltic Coast. By the 1960s, *rodzina marynarska* [a sailor’s family] became a byword for comfortable life and not uncommonly – for conspicuous consumption. But there were limits to how much smuggling could physically be done by individual sailors. Those limits were much higher in the state-run foreign trade administration agencies such as the Centromor. It was an administrative unit responsible for managing Poland’s foreign trade shipping.\(^{245}\) Centromor boasted offices in Moscow and Varna, warehouses in France and the UK, permanent representatives in Yugoslavia, Romania, Denmark, Norway and Finland and agents in sixty other countries around the globe. Hartwig, an international forwarding agency, was a safe bet as well. Access to this executive level of managerial control was conditional upon ‘political screening,’ which limited the ranks of the club to no more than 2,109 people.\(^{246}\) Janusz Lewandowski, a student in Gdańsk in the 1970s and the EU Commissioner for Financial Planning and Budget (2010-2014), summarized the process:

> The mechanisms of capitulation [to the regime] were quite simple and effective. Graduates of the trade-and-sea oriented schools made it into state-run companies such as the Polish Oceanic Lines, Polish Sea Shipping, Polfracht, Centromor, Navimor, advisory boards of the port administration. Office work was merely a step on your way to an overseas branch, and that set you up in material terms for good. The entry ticket for advancement was the party card. And that was it.\(^{247}\)

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\(^{245}\) In the early 1970s, Centromor was Poland’s only firm managing ship export, one of the biggest of its kind in the world. According to the Lloyds Register of Shipping for 1972, Poland held sixth place globally in ship exports, after Japan, Sweden, West Germany, France and the Netherlands. This ranking did not take into consideration the quality, size or market value of the ships, nor the fact that most of them were 'exported' to the USSR. See: “Głos Wybrzeża,” nr 66, 19 March, 1973.


\(^{247}\) Paradowska, *Teczki Liberalów,* 119-120.
Lewandowski had chosen the academic path, which, in his words, was “a road to nowhere,” at least in terms of material welfare.\(^{248}\)

The skills, knowledge or patronage required to plug into the high revenue stream of the shadow economy were not easy to be acquired. One had to be well-versed in the art of navigating the convoluted convertible/inconvertible currency exchange regimes, right on the fault line of the Iron Curtain. For those bold enough to confront the Curtain, crossing the line, in one piece and with contraband hidden ingeniously enough, classic arbitrage premiums awaited. The politically-generated price differentials between East and West remained so high and stable also because it was far from easy to move goods from one world to another. Some links between black market profits and the East bloc security apparatuses emerged immediately after the war, but they were not something a normal dock worker would know about.\(^{249}\) By the mid-1970s, however, some of those connections made it into the letter of law. In Poland, a ministerial decree issued in 1975 is a good example. Its full name read: *Decree no 58 by the Ministry of Foreign Trade and Sea Economy of July 11, 1975, with Respect to Removing the Customs Inspection Duty from Certain Persons Crossing the State Border*. The decree was passed quietly – its legal status was designed in such a way that it did not have to be voted through the *Sejm*. The title said it all, and who the “certain persons” were was explained by the appendix: “twenty-five highest state office holders” and “members of close family (partners, children).” The list included top police and justice functionaries as well as professors of the Polish Academy of Sciences. Antoni Mączak, the

\(^{248}\) Ibid., 120.

historian who did not let that decree pass unnoticed, aptly characterized it as a “classic feudal herrschaftsvertrag aimed at legally securing the inheritance of privilege for the ruling class.”

Decree No 58 raised the consumption of privilege in the world of really existing socialism to a new level of security and permissiveness. As noted by a renowned historian Jerzy Holzer, Władysław Gomułka had never failed to emphasize communism’s egalitarian promise, even if he failed to enforce true austerity upon all of the nomenklatura. But Gomułka’s reign was over in 1970. “It is fair to say,” wrote Holzer, “that communism achieved one of its few ideological victories precisely in a sphere where practice was furthest removed from the declared slogans.” Gierek’s new enrichissez-vous course was certainly enjoyed by the nomenklatura. For most other citizens, its most tangible effect was the shift to a two-currency regime in all but name. Polish citizens were now free to open a foreign currency bank account and many did – the total value of funds deposited in the special hard-currency PKO [State Savings Bank] ‘A’ accounts had reached one billion USD by the end of the decade. In everyday life, the new dual-currency reality was usually encountered through visiting a Pewex store.

Jerzy Kochanowski, a leading expert on communism’s black market, pithily captured the new developments and what it meant for the black market actors: “the hard currency supplying cinkciarze began to lead a peculiar kind of pro-state activity.” In other words, as the overleveraged Polish state neared bankruptcy in the late 1970s, the cinkciarze emerged as a more reliable source of hard currency than the rather adventurist attempts to sell Polish manufactures in

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252 Jerzy Kochanowski, Tylnymi Drzwiami : "Czarny Rynek" w Polsce..., 86.
the West. As long as the citizen’s goal was to eventually consume his dollar income in a state-run Pewex store, the method of obtaining hard currency remained irrelevant. In 1977, 60 percent of Polish ‘export’ revenues were acquired through the so-called ‘internal export’ – Pewex stores, PKO hard-currency accounts and similar institutions designed to capture the hard currency reserves circulating in the second economy. Unsurprisingly, “[e]very kid growing up in the Polish People’s Republic in the 1970s learned this fundamental rule early on: there are two kinds of money – real and Polish.” Beyond this basic truth, the actual currency conversion system was extremely convoluted, also because the exchange ratio was dependent on the declared intent of transaction. “In our opinion,” treasury officials wrote in the early 1970s, “further maintenance of three different exchange ratios for the dollar is a large mistake. The currency black market is the bane of justice organs. Unofficial estimates indicate that the annual value of all transactions on the black market reaches 70 million dollars.”

Under really existing socialism, economic relations were heavily regulated and politicized in general. Long-haul shipping was one of the most lucrative sectors, even if only the official income is considered. This economic relation was reflected in the fact that the access procedures to this profession were regulated by the most political institution of all, the secret police. The selection criteria had to be rigorous also because, certainly at the rank-and-file entry level, the profession did not require advanced levels of skill or training. Short-distance, regular lines to the West were known for their particularly strict vetting. Those lines were known as ‘hunchback lines.’

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255 IPN Gd 091/9, Chapter III, p. 5.
The idiomatic usage of the word *plecy* (a person’s back) in Polish is similar to its equivalent in English: when someone is said to have one’s back secured, no reference to his physical features is made, but to important contacts and support from the higher-ups. One of the most coveted lines was the one to Denmark. It was short, safe, and lucrative. When the ships servicing this line were seen by other, less lucky sailors, murmurs such “the hunchbacks are on their way!” could be heard among them. This form of an ahoy greeting was an unambiguous reference to the political cover that had to be obtained to be placed on that line.\(^{256}\)

Unlike their colleagues from the Soviet Union and the GDR, Polish sailors were allowed to “break away into town alone, without colleagues,” as put by an informant, who thus also delineated the limits of his inquisitive gaze. A certain sailor on the m/s *Ner*, which regularly serviced Swedish ports, was known to sneak out alone “every time his ship visited Sweden.” At the same time, his informer-colleague observed that he “never mentioned anything about a girlfriend” and was not known for a penchant for smuggling. This rare combination led to a suspicion of “espionage involvement,” a denunciation examined very seriously by the secret police. This example is illustrative of some of the differences between Poland and both East Germany and the Soviet Union. No sailor was allowed to wander in a foreign, especially capitalist, port alone and any kind of contact with foreigners was bound to lead to interest from the security

\(^{256}\) IPN Sz 0012/498/163, "Doniesienie ag." TW ps. K. Wisławski, Szczecin, dn. 01.08.1974; [in:] Materiały dotyczące marynarzy polskich oraz statków płynących lub przebywających w portach w Ameryce Północnej [...], 1968-1988, l. 143.
apparatus. Among Polish sailors, “small scale smuggling and intimate relationships,” as long as they were kept under a low profile, were usually tolerated by the secret police.\footnote{IPN Sz 0012/498/163, Untitled report by Kierownik Komisariatu Portowego MO w Szczecinie, Szczecin dnia 13.10.1976, [in:] Korespondencja Wydziału II Komendy Wojewódzkiej MO w Szczecinie oraz Wydziału II Wojewódzkiego Urzędu Spraw Wewnętrznych w Szczecinie dotycząca marynarzy polskich, 1974-1988, l. 4}

Regular sailors were likely to receive similar wages and come from a similar background, in terms of social origins and formal education, as shipyard workers such as Lech Wałęsa. Their nominal wages were also similar. However, as it was put by a local expert A. Tymowski, “looking at official wages alone is absurd since it does not account for access deficit goods, inflation and illicit income.”\footnote{A. Tymowski, ‘Hierarchia zadań polityki społecznej a ruch związkowy,’ Więź, 11/12 1980, 28.} Raising nominal wages with purchasing power increasingly determined by the range of goods available exclusively in the second economy or the so-called ‘commercial stores’ led to hidden inflation, shortages, queues and frustration. The relationship between West-bound sailors and other social groups whose access to foreign currency and goods was more limited was anything but harmonious. The nature of the animosity was captured well by a joke told by the first officer on a Polish ship while leaving the port of Świnoujście in the 1970s: “You are lucky, gentlemen, that the price of bread in Poland did not increase this time.”\footnote{IPN Sz 0012/498/163, "Doniesienie ag." by tw. ps. K. Wisławski, Szczecin, dn. 01.08.1974; [in:] Materiały dotyczące marynarzy polskich oraz statków płynących lub przebywających w portach w Ameryce Północnej [...], 1968-1988, l. 142.} It was an unambiguous reference to the December 1970 Protests, sparked by the news of food price increases, which grounded some ships for several weeks. Told by a well-to-do officer embarking on a long voyage around the world, including Canada and Japan, the quip expressed both contempt for the
landlubbers who earned so little they had to worry about the price of bread, as well as a degree of annoyance at their cyclic outbursts of frustration that could bring the maritime business to a halt.

2.3. How to spot a *burżuj* (a derogatory slang term for a bourgeois person)

After the Westminster attack on March 23, 2017, the British police reflected on the need for better community outreach to help them prevent terrorist attacks, especially of the lone-wolf type. Community relations were “better than in the 1970s,” but a lot had to be still done. Had they studied their colleagues working for the communist regimes during that decade, they would have learned that lesson long ago. Cutting edge surveillance technology does not solve all the problems, it merely helps in the early stage of work – this conclusion was reached by many of them, including those working for the Stasi. What the term ‘community relations’ was used to refer to in the communist context was usually a large pool of people willing to inform on the suspicious activity of their fellow citizens. The following section takes a closer look at how it worked in practice in the economic realm.

A typical way of initiating an investigation into suspected black-market activity is illustrated well by the following case. *Dewizówka*, the hard currency police, was informed that a resident of Gdynia, certain lady known as ‘R. K.’ “led a wystawny tryb życia [a sumptuous lifestyle] despite being unemployed.” She was reported to be “a patron of entertainment establishments frequented by foreign sailors, ladies of easy virtue and hard currency traders, she established contact with people from that milieu. She was also in touch with the sailors from the
Polish Merchant Fleet, who were already a subject of interest of the MO organs and were accused of smuggling attractive goods. It is characteristic for that milieu that their working day begins in the evening hours and the majority of transactions happen under the cover of darkness and with far-reaching precautionary measures [...] Our observations have confirmed that her apartment was regularly visited by all kinds of persons in late night hours, what made the MO officers certain that this person occupies herself with [illegal] trade. The suppliers of currency originated from the well-known milieus of prostitutes and cinkciarze.” These observations brought several sailors of the Merchant Fleet under surveillance. It turned out they sailed to Western Europe, where they were supplied by underground mints with counterfeit 20-dollar gold coins and 10- and 5-ruble coins. “They speculated with them in Warsaw, Cracow, Katowice and Tricity. Some of them were of very low gold content.” Cheated customers wrote complaining about that situation the MO, the regular police. The decision to liquidate this organized criminal group was taken on June 20, 1966. Five persons were arrested. The key link abroad was a Swedish citizen of Polish descent, who facilitated art trafficking from Poland to Sweden, the main source of capital for the group’s operations. The couple from Gdynia was at the center of a network of over thirty individuals, most of them from Tricity. Twenty-eight of them were temporarily arrested.260 It is important to note that actions against the group were undertaken based not only on the currency police’s own investigations, but also based on complaints to the MO made by the cheated customers who were stuck holding fake coins.

The doctor-wife was essential to the operation’s success for several reasons. She was able to smuggle up to several thousand USD in her underwear, bribing customs officials when

260 IPN Gd 091/9, Chapter III, p. 5-8.
necessary. As a university-certified doctor of medicine – she was beyond suspicion. Furthermore, she was merely accompanying her husband occasionally during his business trips, a normal and legal occurrence. She was also distributing goods around Poland while her husband was seafaring. In his concluding court statement, the husband admitted to trafficking 45,660 USD out of the country between 1962-1966. He was sentenced to ten years in prison, a 484,000 PLN fine and confiscation of all illicitly acquired property. The wife was sentenced to seven years and a 384,000 PLN fine. “She played a leading role in this organized crime group. Known as ‘Miss Doctor’ among the currency changers – she provided cover, also among ex-MO officers fired from service for their disciplinary violations. She organized parties in her private villa that often lasted for several days without interruption. She organized a big New Year’s Eve party in the Central Committee building, for which she paid 170,000 PLN out of her own pocket.”

Her criminal operations in Gdynia dated back at least to 1955. Initially, she distributed the women’s clothes and cosmetics brought by sailors from abroad. By the mid-1960s, she had been arrested on a few occasions already, but quickly released because the amounts she dealt in were apparently considered insignificant. She moved on from clothes to watches, gold and precious stones, became the main banker of the entire criminal group, supplied the foreign-bound sailors with US dollars on their way out. She acquired 95,000 USD from the so-called ladies of easy virtue and the cinkciarze operating in the entertainment establishments of Tricity. She involved her underage sons; bought a car, but registered it in another person’s name. Her suppliers from Warsaw brought gold and hard currency camouflaged in sour cream bottles and in home-made butter containers. “Illegal trade became her life’s passion. That simple woman from a village near Lublin

261 IPN Gd 091/9, Chapter III, p. 10.
held the black currency market of Gdynia in her grip. She became a slave to money. Because she did not work anywhere and did not have legal sources of income, she was modest in her expenditures. She did spend her money on a hulaszczy tryb życia (profligate mode of life), but usually within the confines of her own apartment. After divorcing her husband, she maintained numerous lovers, who abandoned their families to live with her. Her activity did not hurt merely the state, but the entire society and brought to ruin many basic units of social life – families.”

Another large operation run by a married couple (criminal case IV-K-43/68) involved an “organized criminal group of twenty-one people, including four married couples.” This time the leading role was played by a certain K. family from Sopot. The criminal operation continued for at least five years and involved a “very sophisticated level of camouflage.” The mains source of capital, 100-g gold bars, 20 dollar and ruble coins were usually delivered from Warsaw to be shipped out West. “All transactions were denominated in US dollars.” The MO officers have finally figured out what the recognition sign used by the K. family was, the one that turned a green light for the cinkciarze to come over for a visit – it was a woman’s stocking hanging down from the apartment’s window. Upon seeing this sign, a taxi driver from Gdańsk, certain Władysław B., approached the building one dark evening in the 1960s. Under the back seat of his cab, thirteen golden bars lay hidden. When arrested, the cab driver held that they belonged to some foreign Grand Hotel guests visiting Sopot. According to the criminal record, he had used that excuse three times before to be released. This time, fingerprints were tested and he could not get away so easily. His gold bars, worth 470,000 PLN, were confiscated. One offender from this group, an owner of a private ballpoint pen repair shop, had 18 kg of gold buried somewhere in his estate grounds, with

a value estimated by the state-run jewelry store PH Jubiler to be 2,500,514 PLN. “The most characteristic in this case was the fact that one of the criminals, a sailor of the PŻM, a resident of Gdynia, hid the gold in his daughter’s grave: 18 bars, 100 grams each. As he said – ‘such a safe hiding place – he had never had before, but it only served its purpose well in the summer.”’²⁶³

Each transaction in this scheme was on average 15,000 USD on average. Sailor ‘R.’ sailed on a Swedish line and delivered the coins to the “K’s”, receiving ca. 5,000 USD from them for each purchase, up to 18,000 USD when he brought back 1,300 golden ten-ruble coins. But the counterfeit rubles were of such low quality that nearly all customers gave them back requesting their dollars back. What was significant was that the dollars for those purchases in foreign ports streamed to Tricity from southern Poland, including Kraków and Rzeszów, from the south-easternmost corner of the country, 400 miles away from Gdańsk. Małopolska and Podhale – the former Galicia – were full of tiny-plot farmer families with long histories of emigration to the United States and Canada. Their numerous relatives sent remittances back to Poland from New York or Chicago. The Baltic Coast offered the highest potential return on hard currency capital under really existing socialism. The main dealer of this particular group, Mr. K., received a term of six years in prison and a 250,000 PLN fine.²⁶⁴

Another similar case (IV-K-70/67) involved a network of twenty-eight people. Again, a married couple (the N’s) was at the center of the web. The leading role was played by the wife again, a resident of Gdynia. Her husband was a taxi owner and the key liaison. Taxi ownership was the key to success, but also an aspect that made one stand out from the crowd, as mobility was

²⁶³ IPN Gd 091/9, Chapter III, pp. 16-19.
²⁶⁴ IPN Gd 091/9, Chapter III, p. 20.
a very rare asset. Active between 1960 and 1967, many members of this group already had a criminal record dating back to 1955-1960. The total turnover of hard currency was worth 28 million PLN this time. The group included five sailors of the merchant fleet. The mechanism did not differ from the well-tried methods described so far. A stewardess working on the PLO ship s/s \textit{Dąbrowski} servicing the Gdynia-London line engaged in regular smuggling for over four years, bringing exactly twenty-four twenty-dollar gold coins from her every voyage to London, “in a special cache built by the foreign provider.” It was a purpose-built basket filled with “southern fruit” on the surface. Another supplier of this group was active, also typically, in the Kiel Canal. The main accused, the wife N., was sentenced to six years and a 228,732 PLN fine.$^{265}$

Interestingly, 34 out of 102 of those sentenced by the Provincial Court, which considered the more serious cases, for hard-currency-contraband crimes were women. This was noticed by the police as well, who noted that many women “played a leading role in perpetrating hard currency crimes in those organized criminal groups.” If women represented about a third of the perpetrators of the more serious cases considered by the Provincial Court, they were even more highly represented in the more trivial cases considered by the County Courts (Sądy Powiatowe). Altogether – around 60 percent of hard currency offenders in the late 1960s were women. A remarkable, if not entirely original, pattern emerged: the home front was serviced by women, the front lines (ships and foreign ports) by men – a division of labor that remained functional for many decades.$^{266}$

$^{265}$ IPN Gd 091/9, Chapter III, pp. 21-23.

$^{266}$ IPN Gd 091/9, Chapter III, pp. 29-30.
4.4. Cars for Comrades

In the 1970s, car ownership was still a status symbol and a rare privilege. In 1964, fifty percent of cars important into Poland were cleared through the customs of Tricity’s ports as “charity donations,” even though “it should be suspected that a clear majority of them” had been either purchased abroad or transferred by foreign contractors in lieu of account settlement to the employees of Tricity’s foreign trade agencies. Police reports indicate that 245 cars had been smuggled through that loophole that year alone. Among the most frequent recipients of such “donations” were “the employees of state-run enterprises who travelled abroad for business trips, employees of the Orbis Travel agency working as travel guides abroad, academic [cadres] travelling abroad and private artisans.” Other “charity donation” were also occasionally sent directly to foreign trade agencies such as Centromor or the Sea Agency.267

The possession of a Mercedes-Benz in communist Tricity was not only a bulletproof way to evoke some mixture of respect, envy and anger in one’s neighborhood, but was also bound to capture the attention of the secret police. Such was the case with respect to several Navimor [a foreign trade agency] workers. According to early reconnaissance of the SB,268 “the companies especially prone to intelligence penetration and economic corruption” are the ones in touch with foreigners. Companies such as Navimor were thus a top priority for the secret services of the entire


268 The SB has managed to recruit four ‘confidential agents’ and was targeting three ‘secret’ agents in a company of around 100 workers. Agents were placed in the "particularly endangered spots" such as the Gdynia and Gdańsk Repairs Shipyards. See: IPN Gd 003/223/DVD, "Plan Kierunkowy zabezpieczenia operacyjnego obiektu PHZ "Navimor" w ramach sprawy obiektowej kryptonim "Remonty," Gdańsk, dnia 7 lipca 1971, [in:] "Sprawa obiektowa kryptonim "Remonty" dotycząca funkcjonowania i zabezpieczenia Przedsiebiorstwa Handlu Zagranicznego "Navimor," Wojewódzki Urząd Spraw Wewnętrznych w Gdańsku, l. 9.
Soviet Bloc because they combined the three most feared ‘temptations’ available for socialist citizens: contact with foreigners, possibility to see the noxious eye of the West and to engage in currency-contraband operations. The SB knew exactly how much a given employee earned and was quick to “put a question mark” next to those Navimor employees who enjoyed driving a Mercedes-Benzes, “considering their base salary and other expenses.” Owning a Mercedes-Benz also quickly led to a background check which often resulted in a discovery of ties pointing to Hamburg, “the Westphalian wave of emigration and the desire to educate [one’s] children in West Germany.”

“Arbitrary granting of discounts” to West German companies, “unjustified placement of hard currency funds abroad and their accumulation on unrecorded [by the Ministry of Foreign Trade] non-operational accounts,” “appropriation of the Navimor funds to private accounts and their utilization for purposes unrelated to company’s activities” were among the usual machinations of which the Navimor employees were accused by the authorities. In 1975, a contract was signed between Klockner-Humboldt-Doutz AG and Navimor in Gdańsk. It envisioned construction of a ship engine service facility by the West German company in the Gdańsk shipyard. Off-set extras included five company cars sponsored by the KHD plus twenty West German stereo-systems, a Xerox copying machine and “technical equipment for the Gdańsk Police.” Some of the hard currency paid by the West Germans did not make it to state coffers, but instead – to private

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accounts, by means of sophisticated creative accounting. Before the fraud was detected in the 1980s, the relationship continued for nearly a decade. The cooperation between the two cost the Polish taxpayer over six million PLN. The money was captured by a Hamburg intermediary named Carter Off-Shore, “due to the lack of securitizing of the amount due [and due to] the death of the agent responsible for the contract.”

Years of investigations led nowhere as the court trials dragged on and were eventually discontinued, thanks to the general amnesty introduced on July 21, 1984.

A typical case against an individual Navimor agent run as follows: the Navimor builds a yacht in one of Tricity’s shipyards and sends its agent to its representatives in Hamburg (a company named Polship) to seal the deal. The agent then disappears together with the 43,500 DM that the shipyard should have received for its work. The Gdańsk Persecutor starts a case against the agent, but “due to his refusal to return to the country,” the case is “suspended.” Navimor was also known to grant “discounts” to its foreign partners because it could receive reciprocal “discounts” on foreign products in return. One Swiss company used to sell its devices to Navimor with a 17 percent margin between 1977 and 1984 while the percentage that found its way into Navimor's books was 3.2 percent, which led to a surplus sum of 94,000 CHF, all at Navimor’s disposal in a Swiss bank. Those funds were then transferred to Hamburg to purchase “medications” for Navimor’s CEO as well as “sailing equipment” for the Lenin Shipyard’s Yachtclub. Many similar


transactions were mentioned in the final court report. They were all run through the Polship intermediary based in Hamburg, which also serviced other companies such as Polfracht and Centromor.\textsuperscript{273}

Another representative case codenamed AGATA dealt with machinations pertaining to the way “company cars” were purchased by Navimor abroad. In 1981, the Navimor ordered three Mercedes-Benz limousines and one Volkswagen minivan from the FRG. The cars were picked up by a team headed by the Navimor’s CEO and were then driven west to Amsterdam and “exchanged” at one of Navimor’s partners there, named Intermundo, for very similar cars of the same model. The ‘old’ cars were kept by the Intermundo in Amsterdam and the ‘new’ ones driven back to Poland, with the original serial number “re-forged” into their undercarriage.\textsuperscript{274} That particular CEO was also in a habit of fixing his private vehicle in Rostock, for which he relied on the hard currency fund of Navimor’s local branch. He ordered “medications” worth 13,970 DM and other objects such as “car parts, table tennis rackets and other for a total of 6,657 DM. […] The expenses from the hard currency fund belonging to ‘Navimor’ […] was unlawful and unjustified. To the lack of business grounds for at least a part of those purchases speaks the fact of purchasing medications such as ‘seksonorm.’” The court proceeding against the CEO was “conditionally terminated” by the Gdańsk Procuracy by the amnesty law in 1984.\textsuperscript{275}


\textsuperscript{274} There were a few more similar operations in Hamburg in the early 1980s. See: IPN Gd 013/111, t.3, Plan czynności śledczych w sprawie PHZ Navimor nr rep. 119/83, nr prok. Do-39/83, l. 96.

\textsuperscript{275} IPN GD 321/130, Gdańsk, 16 July 1986, Informacja o postępowaniach przygotowawczych przeprowadzonych przez Prokuraturę Wojewódzką w Gdańsku przeciwko byłym dyrektorowi naczelnemu Przedsiębiorstwa Handlu Zagranicznego „Navimor” w Gdańsku Alfredowi Borowcowi, l.189.
Coffee, a product rarely to be found in Poland under Martial Law, was usually bought by Navimor employees in Rostock. It was not as good as Jacobs, but it was cheaper, and the decaffeinated Polish consumer was easily satisfied. “Please do consider” – the Naviomor CEO Borowiec pleaded when in court – “that these were the first months under Martial Law and purchases through other channels were practically impossible.” Navimor was not only adept at exploiting its German partnership and partners, but it also knew how to host a more traditional trade partner when at home. A trade delegation from the USSR was greeted in the notorious Maxim nightclub in Gdynia, now commonly recognized as the cradle of the Polish post-1989 mafia, but only because “they expressed their wish to go there and connected that wish to the [quality of the] night program presented there.” That one-night party for the Soviet colleagues cost the Polish taxpayer 30,000 PLN.

In the eyes of the public, the illicit enrichment of certain social groups could not have happened if the state did not tolerate it. After all, the repressive ability of the Stalinist apparatus was still fresh in memory. In Gdańsk, one citizen sent furious letters complaining about a local police officer from the Department of Economic Crime who drove a Mercedes-Benz “worth several million zlotys. […] He did not earn all this wealth through honest work, did he?” a disturbed citizen wrote to a newspaper in 1985. “Mr. Sz,” the police officer, “is very proud of his behavior, because he believes that this kind of dealing is unpunishable and reflects well on his cunning and craft. He takes advantage of his public office to remain in touch with prostitutes and cinkciarze in order to gain material benefits. This citizen often declares that the likes of him are

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277 IPN GD 321/130, Gdańsk, July 16, 1986, Informacja o postępowaniach przygotowawczych…, l. 190.
not subjects to the law in Poland, but particularly not in Gdańsk. The reason behind this impudence is the fact that his father is a prosecutor and takes care of all his son’s dirty deeds through back channels.” The father owned a VW Golf Diesel, “also a car of high quality.” The citizen claimed that both cars were stolen in Germany, as was the BMW 320i of the recently arrested high ranking SB officer in Gdańsk. “It is high time to end bribery and corruption in the organs of justice, so that the citizen can gain some trust into the real police and the newly elected party and state authorities.”

While plate numbers of the Mercedes were provided (GKD 7890), the citizen did not sign his letter “as he was afraid of revenge and prosecution, as the connections of those two gentlemen are far and wide.” 278 His letter was not published of course, but the censor was considerate enough to archive it.

Stark social differences began to form within the shipyards themselves, often among workers employed in the same department side by side. Thanks to the loans received in the early 1970s (and often in fulfillment of the conditions tied to the loan), many ships previously built by Polish or Soviet shipyards were now ordered in West Germany, Italy, Norway, Sweden or Denmark. The Foreign Trade Enterprise (PHZ) Centromor, which served as an intermediary, consulting agency between the foreign shipyards and the Polish merchant fleet, placed “warranty engineers” from the shipyards abroad for the period of six to twelve months to supervise the production process and then embark on “warranty cruises” back to Poland. Between 1974 and June 1975, forty-five such engineers were placed in France, Norway, England, Iceland and Iran. They were often accompanied by their wives and other family members. 279

278 IPN GD 321/130, Informacja…., l. 4.
279 IPN Gd 0046/362 t. 18/DVD, "Informacja dot. niektórych negatywnych zjawisk towarzyszących wyjazdom służbowym w rejsy gwarancyjne lub w celu sprawowania nadzoru technicznego nad budowanymi dla Polski
As the sailors’ purchasing power and access to western goods stood out even more in Poland under the Martial Law, the envy of their compatriots grew proportionately. Police departments in the port cities were flooded with denunciations from disturbed citizens. One of them personally visited a police station in Szczecin in May 1982, to report on the sound of firearms in action he had heard coming from an apartment occupied by a sailor. In addition, he informed the police that the sailor “lived beyond his means despite his young age. He change[d] cars very often, most probably imported from abroad.” Similar reports, usually mentioning imported western cars and other coveted goods, were filed en masse in Szczecin and Tricity, in particular under Martial Law.

A similar relationship held true of secret police informants freshly ‘planted’ onto a ship. Their first reports were often permeated by a mixed sense of disbelief and envy of the typical seaman’s lifestyle. What the regime was mostly looking for was evidence of politically incorrect behavior, which the agents were keen to provide. But they rarely failed to dwell on the extravagant standard of living of the crews. Even a Soviet Lada, “already the second or third in a row” was a subject of envy. Even though the Lada was owned by a high officer and was, after all, not in the same category of foreign car as a BMW or Mercedes-Benz, it stirred the secret police officer to characterize his fellow seaman in the following way: “he can be characterized as a money chaser, unscrupulous and devoid of any moral principles. He forces his crews to hide his contraband. In every journey, he smuggles ca. ten kg of caviar, which is delivered to the ship by a steward and

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statkami w stoczniach kapitalistycznych,” 01.07.1979, [In:] “Informacje dotyczące wyjazdów służbowych i czasowych obywateli PRL za granicę,” Komenda Wojewódzka Milicji Obywatelskiej w Gdańsku, 1974-1976, l. 16.

280 IPN Sz 0012/499/1, "Notatka Służbowa," z dnia 05.05.1982 [in:] "Korespondencja Wydziału II Wojewódzkiego Urzędu Spraw Wewnętrznych w Szczecinie oraz inne materiały dotyczące polskich marynarzy i statków," Wojewódzki Urząd Spraw Wewnętrznych w Szczecinie, l. 238.
his lover Barbara, [who is] married. [...] The caviar is usually hidden in a locker. One of his hobbies is to seduce the female passengers, including those sailing with their husbands. He organizes drinking bouts during which he tries to get the husband intoxicated, aiming to win over his wife.” In consequence, the officer recommended, “measures should be taken to compromise him in order to prevent his promotion to the captain’s rank.” To achieve that purpose, the authorities, "[in coordination with the operational group UC [Custom's Bureau] Szczecin, [should] organize [...] a search on the ship, in particular in the locker used by the first officer.”

As it soon turned out, however, the crew was not really interested in standing up against their corrupt captain. As a different agent, TW Lis [Fox], reported, the crew of m/s Koszalin collectively lobbied to have their ship transferred from servicing the relatively unattractive Irish to the more lucrative Benelux line, and eventually succeeded in doing so. The port of Antwerp claimed “the highest level of attractiveness” in the sailors’ milieu. “The efforts of the crew centered around organizing a befitting party for the PLO employees [HR, those responsible for personnel management]. In addition to the usual ten kilograms of caviar, “several fox skins” were reportedly smuggled onto the ship through “a permanent supply point at Bohaterów Warszawy [the Heroes of Warsaw street]” each time. “How the delivery made through the port’s gate – agent Lis was unable to explain.”

The captain’s acquiescence (or rather: suitably rewarded participation) for the commercial activities of his crew was indispensable. Without his knowledge and consent, nothing should be


able to make it under the ship’s deck. More generally, the more crew members were insiders to the procedure, the better. Larger participation made the operations easier to conduct and lowered the risk of denunciation. The most reliable operations were conducted at regular, short cruises to Western Europe on small ships with crews as small as possible. Such regularly scheduled ships were usually controlled by the same team of customs officers. Precisely such an arrangement had been achieved at a British cargo ship, the *Baltic Sun*. The ship arrived in Gdynia from London every second week to be controlled by the same group of five inspectors from Gdynia’s Shipcontrol bureau. The group’s leader got in touch with an officer serving on the Baltic Sun “who systematically transported precious stones, among other goods, [which were in turn] carried inland by the employees of the Shipcontrol. They were rewarded with 2,500 PLN per one kilogram of the smuggled stones.” If other goods were smuggled – the rate was negotiated on the spot.\(^{283}\)

By the 1970s, Scandinavia became legendary for its inexhaustible market for the two basic staples of maritime contraband export: alcohol and cigarettes. The usual quantity revolved around four to six half-liter bottles per sailor.\(^{284}\) “The ethyl alcohol is sold in Stockholm, usually to dock workers and the Poles who come to visit [the sailors] when the ship arrives.” It was common for the sailors to enter into “intimate relationships” with the local Swedish women, and then use the new contacts to sell alcohol. A sailor named Janusz was known as an expert in such operations. After one of the operations in the port of Västerås that involved eight bottles of ethyl alcohol, two women were arrested by the Swedish Customs Office, but the confrontation with the crew brought


\(^{284}\) In the late 1970s, numbers such as eighty or eighty bottles were more common. See: IPN Sz 0012/497/24, "Informacja Dotyczy: trzeciego oficera [...]," źródło: tw. "Notice", Szczecin, dnia 07.09.1978, [in:] "Charakterystyki marynarzy PLO", Wojewódzki Urząd Spraw Wewnętrznych w Szczecinie, 1962-1985, l. 61.
no results and no perpetrators among the crew were found, “even though the entire crew knew exactly” were the ethanol came from. Another widespread operation was the “trade in pornographic cards,” which were usually obtained in Hamburg.285

On the opposite side of the globe, the (North) Vietnamese Customs Bureau limited its search procedures to checking the documents, “without inspecting the ship and the crew. According to the captain of [one of the Polish ships] it was the case, because – as the Vietnamese knew all too well – they had nothing to trade with.”286 Amsterdam and Hamburg were on the other side of the abundance spectrum when compared with war-torn Vietnam. In March 1978, the m/s Jelenia Góra visited Amsterdam to be searched by the “operational brigade” of the local Customs Office under the suspicion of narcotics contraband, this time with no results. Later during the voyage, however, “the younger cook, [...] while intoxicated, boasted that he was in possession of drugs, but they were not discovered. The drugs /marijuana/ were probably purchased in one of the African ports. [...] His interest revolved exclusively in” – the SB agent felt obliged to add – “making money out of smuggling. One can also notice a distinct penchant for women and alcohol. In foreign ports, he did not return to the ship for the night. [...] Skeptical attitude to the current regime.”287 By the 1970s, any sailor visiting northwestern European ports, but particularly Hamburg, Antwerp and Amsterdam, was suspect, deemed politically unreliable and compromised


with all kinds of hearsay by the secret police and its informers, just in case such materials came in handy if he was to turn into a dissident one day.

4.5. Customs – the Weakest Link

The customs administration was the weakest link of the surveillance system, the secret police complained. Forms of collusion between the celnicy [customs officers] and the sailors differed. Normally, they involved turning one’s head the other away or simply not appearing on time. The crews of a ship servicing Szczecin’s steelworks in 1979, for example, were given an hour to “conduct illegal trade with foreign goods on a very large scale” before the officers appeared and performed their duties. The ships arrived at least once per week and the “procedure [was] always the same” – wrote Basia, a female informant employed in the steelworks. “Bribery is currently widespread – the agent continued – “each simple business of any kind necessitates smaller or larger bribes for workers responsible for distributing various work supplies. The managers are perfectly aware of this situation and give it a green light […]. For example, one of the supply truckers of the Szczecin steelworks arranged 288 neon lamps […] for which he has received a bribe of 1,500 PLN […] Our society is generally displeased with this state of affairs, but everyone accepts it as there is no other way,” was Basia’s final verdict on this hopeless issue.288

As the m/s Gdynia was leaving Poland in January 1977, over three tons of copper worth 195,000 PLN were “detected” during a last-minute search. As the investigation revealed, three crewmembers “purchased” this copper from a “source of questionable provenance” and intended

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to smuggle it out of the country. Apparently, the three tons of material “were loaded onto the ship by means of a crane” while the ship was anchored at one of Szczecin’s ports. It was only at a border checkpoint and thanks to “operational sources” (likely a secret agent) that the contraband was intercepted.289 The boldness of this operation and the successful utilization of the crane for illicit purposes indicate that the level of policing in Polish ports must have been perfunctory.

A month later, m/s Okrzeja was found smuggling one hundred boxes of whiskey in Karachi, Pakistan. The following fines were levied for that violation: 500 USD for the captain, 2,500 USD for the chief steward and 25,000 USD for the shipper, the PLO. According to the investigation carried out by the PLO, 500 boxes (approx. 6,000 bottles) were initially delivered and 400 of them “sold while the ship lied at the roadstead” off the Pakistani coast. Before leaving Poland, the crew loaded “considerable amounts of bronze stemming from illegal provenance” in Gdańsk and “exchanged” it for whiskey in Antwerp. “The legal proceedings by the Provincial Prosecutor’s Office in Gdynia was [...] suspended until the reception of necessary documents from the PLO representatives in Karachi and Antwerp.”290 Such fines were usually left unpaid, and if they were paid – they were virtually always covered by the ship-owner (i.e. by the Polish taxpayer) and not by the actual perpetrators.


290 In a similar case on the m/s Świdnica, three sailors were fired after they were accused of “appropriating approx. 500 kg of non-ferrous metal to the damage of the Gdańsk Repair Shipyard.” After: IPN Sz 0012/497/5, "Analiza dyscypliny pracy za 1977, KPD/77," Gdynia, dnia 9.9.1977, [in:] Korespondencja Wydziału II Komendy Wojewódzkiej MO w Szczecinie oraz Wydziału II Wojewódzkiego Urzędu Spraw Wewnętrznych w Szczecinie dotycząca marynarzy polskich, 1974-1988, l. 75-76.
In the unlikely case that contraband was discovered by foreign customs officials, this fact did not necessarily lead to penal consequences, particularly not if it happened in South America. "[T]he affected sailors often ‘came to terms’ [sic] with the customs officials within their own capacity.” In Buenos Aires, for example, the authorities detected “380 four-color pencils, 2 cameras, 10 cartons of US cigarettes […], 15 boxes of cream” on the Polish m/s Staszic. “Despite such considerable amounts of requisitioned goods, the ship has paid no official penalty. It is highly likely that the officers had been bribed” – was the conclusion reached by the Polish counterintelligence in an internal report. A similar outcome was highly likely with respect to m/s Szczawnica, also in Buenos Aires. No official penalty had been registered despite the fact that the contraband included, among other goods, eighteen cans of fine Soviet caviar. Even Scandinavian ports were not immune to corruption. On May 14, 1980, Norwegian customs officers detained a Polish sailor with eight bottles of vodka that he attempted to sell around the port area. He was fined with 500 crowns, but he had managed to avoid the fee, because – according to the ship’s captain – “he kn[ew] many people in the Norwegian ports and thanks to that fact he has managed to appease the situation.”

Delivering fashionable apparel east of the Iron Curtain promised high profits for those who could manage it. Since fashion usually spreads eastward from Paris or Milan, what Poland could offer in return to Italian customers was silver foxes or rather – what remained after the animals

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291 IPN Sz 0012/498/163, "Informacja dot. działalności przemytniczej na statkach PLO," Warszawa, 06.06.1968; [in:] Materiały dotyczące marynarzy polskich oraz statków płynących lub przebywających w portach w Ameryce Północnej […], 1968-1988, l. 130.

292 IPN Sz 0012/499/2, "Notatka służbowa; dot.: marynarza […] ze statku m/s "Iwonicz Zdrój" /PLO/," z dnia 15.05.1980 [in:] "Korespondencja Wydziału II Wojewódzkiego Urzędu Spraw Wewnętrznych w Szczecinie oraz inne materiały dotyczące polskich marynarzy i statków", Wojewódzki Urząd Spraw Wewnętrznych w Szczecinie, l. 116.
were killed and tanned. “Silver foxes of suitable length [...]” – a secret informer reported – “are very soft after being tanned properly, three pieces can be carried into a port per [head per] one passage. For that purpose - one wraps them tightly around the waist and fastens by means of a wide elastic band. A fox 70 cm. long from its tailbone to ears can be bought for 5,600 […] PLN at home. Such a fox in Italy reaches the sum [sic] of 70,000 liras. For this amount of money, one buys eight kilograms of wool, 100 percent mohair, which can be then sold at home for 22,400 PLN.” According to an informant codenamed What, 30 foxes were smuggled out of Poland during a voyage to Italy in 1980 on the m/s Kujawy. “All this ‘sketchy [sic] merchandise,’” the agent wrote, “is hidden somewhere in the engine room – impossible to be detected by the Customs Brigade – or so I was told by the crew. [...] According to a conceited statement by one of the crewmembers [...] one can earn up to 80,000 PLN per month this way.”

Three years earlier, in April 1977, the m/s Żywiec visited the French port of Rouen. The local customs officials discovered contraband of 89 fox furs worth 50,350 Francs. The ship was penalized with a fee of 10,081 USD. The Szczecin Prosecutor’s Office refused to commence legal action arguing that, based on the preliminary investigation, “a provocation from the French side cannot be excluded,” implying that the Polish crews were either victims of an organized crime scheme outside of their control, or were compromised by the French for political reasons.

Several months later, also in Rouen, the m/s Łódź was found smuggling 148 boxes of whiskey as


well as “90 films and 825 pornographic magazines,” for which the state-run PLO was penalized with a fee of 100,000 Francs. “Further investigation led to the discovery of 26 watches, 44 boxes of whiskey, 95 pornographic magazines and 79 pairs of shoes.” 295 Three sailors attempted to use the ship’s prolonged stay in Rouen, resulting from “the negotiations with the Customs Office,” to request asylum, but were rejected and had to be “repatriated to the country by air.” 296

Between January and September 1977 alone, the PLO recorded 529 disciplinary violations, including 227 cases of contraband and 156 cases of alcohol consumption on duty. These two categories of infractions were tallied next to each other, perhaps an indication of the perceived common base of moral failure enabling both to take place. Seventy-nine workers were fired in consequence of those violations. In a state-run enterprise employing ca. 10,000 workers at the time, such figures were bound to compel “[t]he highest party and state organs [to] dedicate a lot of attention to the questions of work discipline and recommend that the administrative bodies [of the PLO] should keep this issue at the center of their attention.” 297 Among the more notable cases in the second category of violations, “the captain of m/s Teliga was drunk during the entire three-


month voyage to Africa” and the first officer on m/s Krynica “had not managed to sober up before reaching Hamburg” on the few-days long journey from Poland.  

Maritime routes were obviously not the only channels of contraband into the Soviet Bloc, but they held certain distinct advantages over land and air. Most obviously – ships could support much higher volumes of contraband. A cargo ship was “full of nooks and crannies of all kinds. For example, one can mention hiding places such as: ventilators, chests with emergency equipment, cable insulation covers of all kinds, under the boards, in the walls, ceilings, aggregates, control dashboards, etc.” But it was the diffusion of responsibility that was the decisive factor in its favor. Even if contraband was discovered by customs officials under the deck, especially on larger ships with hundreds of servicemen, it was still far from obvious how to find the perpetrators. When 21 kilograms of heroin were discovered on the m/s Jastarnia in Hong Kong in 1980, a special Interpol drug team investigated the case, using advanced methods such as fingerprint verification, but was not able to locate a single perpetrator among the crew. It was thanks to the diligence of secret informers that the Soviet Bloc regimes had some idea about what went on after the ship left for the open seas. When less ‘dangerous’ goods such as alcohol or cigarettes were discovered, the standard procedure was to fine the ship-owner. In a vast majority of cases, this meant penalizing the state-run operator such as the PLO, i.e. the taxpayer or the proverbial ‘no


one.’ The worst that could normally happen to the smuggler was the seizure of his or her contraband.300

As the Gdańsk deputy prosecutors were right to hypothesize, “it is impossible to assume that the small crews of a dozen or so that spend weeks and months together both at sea and on land would not notice the intensive and wide-ranging contraband operations of their colleagues.” As amply evidenced by reports written by new SB informants freshly ‘planted into’ the crews, the new-comers were welcomed with “reserve and suspicion” while the more curious ones – asked about their contacts among the police.301 It is beyond doubt that “the lack of professional condemnation within their milieu and a general atmosphere usually conducive to this kind of activity” was the sine qua non for large-scale contraband operations.302 Outsiders were easy to spot. If a sailor did not have extra supplies of dollars upon his departure, as did a certain ill-prepared TW Wisławski on his first undercover voyage in 1974, he certainly raised many eyebrows. Wisławski’s case was further exacerbated by the fact that he abstained from drinking and smoking. According to his SB overseers, his “instructions were too strict [i.e. demanding] and

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300 In cases of large contraband (such as 20 liters of alcohol), a sailor could be arrested in Sweden and sentenced to two months in prison, which was also not a terrible prospect. In the words of one such sailor, the prison was rather "a secluded sanatorium [dom osobienia] of a very liberal regime. The prisoners could meet and receive passes to see the city [...] use the library, television and swimming pool." The prisoner was positively surprised with the "freedom he could enjoy in prison." The sailor was not fired from the PLO after his return from Sweden. See: IPN Sz 0012/497/24, "Informacja Dotyczy: trzeciego oficera [...]", źródło: tw. "Notice", Szczecin, dnia 07.09.1978, [in:] "Charakterystyki marynarzy PLO", Wojewódzki Urząd Spraw Wewnętrznych w Szczecinie, 1962-1985, l. 62-63.

301 IPN Sz 0012/499/1, "Informacja; Dotyczy: załogi m/s "Niewiadów"", z dnia 03.11.1982. źródło: tw. Grzegorz, [in:] "Korespondencja Wydziału II Wojewódzkiego Urzędu Spraw Wewnętrznych w Szczecinie oraz inne materiały dotyczące polskich marynarzy i statków", Wojewódzki Urząd Spraw Wewnętrznych w Szczecinie, l. 246.

in consequence – he did not take aboard with him anything that, in the sailors’ language, would indicate his belonging to their world.”

4.6. Back to the Shipyard Floor

The larger societal implication of all this ‘criminality’ and snooping were twofold. “In practice, it is frequently the case that these crimes are committed by persons enjoying overall respect and good reputation, persons who would not be able to commit a different violation of [strictly] criminal character,” or so though the authorities. Partners in currency-contraband crimes did not see each other as criminals. Secondly, they had no reason to do so since their state was doing exactly the same. “Still fresh in our memory,” the prosecutor continued, “is the contraband scandal in Warsaw, in which the officers of the Ministry of Internal Affairs played a leading role; through the many years of being in high positions of power, they conducted hard currency trade on a large scale.”

What he was referring to was the recently exposed Żelazo [Iron] affair. Żelazo was an extensive espionage operation run by top intelligence officials in the 1960s. It was classified as a top national security priority, but was it ultimately devolved into was essentially planting the best Polish thieves as agents in Hamburg to loot local jewelry stores and siphon off from the flow of foreign trade passing through the Hanseatic city. To transfer their entire booty to Poland in 1970

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304 IPN Gd 091/9, Chapter IV, p. 1.
with a sealed train, several cargo wagons were required. The old Polish proverb, *Ryba psuje się od głowy* (a fish rots from the head down), was perhaps never more relevant than in the 1970s.

Another in the series of secret reports on “the threats to internal stability in the country in July 1978”, prepared by the Ministry of Internal Security, emphasized the overwhelmingly negative social perception of the ‘commercial’ and hard currency Pewex stores. The ubiquitous character of such perceptions made it “justified to claim that there do exist social divisions in terms of ‘categories’, ‘castes’, ‘haves’ and ‘have-nots’ [...] [and many consider that] that the stores are designed for privateers, thieves and hustlers. It is often emphasized that the situation contradicts socialist principles.”

A similar attitude found reflection in the original Twenty One Postulates of August 1980 – the workers did not want to see the domestically manufactured ‘shortage goods’ sold in the Pewex stores for dollars. Tadeusz Fiszbach, a high party apparatchik, read the shipyards’ mood well when he promised that “the excessive enrichment of certain individuals” would be curtailed, hoping to appease the crowds. After signing the August Accords, the regime did introduce some measures to make the life of black marketeers more difficult. However, the incentives for the emergence of black markets in the first place were rooted too deeply in the system’s overall design. Furthermore, the party’s leadership encountered increasing resistance

305 A very informative historical documentary on the Żelazo Affair, prepared by the IPN historians, has been made accessible here: https://www.youtube.com/watch?v=_WqzSeLoPOo, accessed May 5, 2017.

306 AAN, KC PZPR, XIA/815, “Informacje MSW o zagrożeniach bezpieczeństwa w kraju w lipcu 1978 r.,” 7 VIII 1978, l. 11.


from its own security apparatus, which had all incentives to tolerate, control as well as initiate and profit from black market operations.

The main problem was that hard currency speculation was not seen as an unethical act by society as a whole, nor was it seriously condemned by the Church. The number of hard currency criminal investigations nationwide grew from 1,051 in 1967 to 1,353 in 1969. Just in the 50 most serious cases of 1969, the cumulative value of detected illicit turnover reached 85.9 million PLN, confiscations: 130 million PLN. The share of Tricity in this pie was “considerable” and singled out due to its concentrated nature. Between 1966-69, the total illicit turnover of hard currency detected in the country reached 96 million PLN. But the dark figure (unrecorded crimes) and their share must have been much greater, the authorities admitted, without even trying to provide an estimate. The most important sources of traffic remained unchanged: “Austria, FRG, Italy, France and recently: Yugoslavia. For seamen: Hamburg, Amsterdam, Rotterdam, London, Copenhagen, Stockholm, Gothenburg.” The only major Polish city that was apparently not affected by this plague was Poznań.309

The divergence in accessibility to high-end goods among various layers of the Polish society is visible when comparing household supply in ‘essential’ and ‘luxury goods.’ The disparities in the supply of ‘essential goods’ (of the 1970s) such as TV sets or refrigerators between groups defined as ‘intelligentsia’ and ‘workers’ were insignificant. When it came to cars, the difference was already noticeable: only every fifth working family owned one while one in four among intelligentsia families did not. Working families normally did not possess a phone at home while only each third intelligentsia family did not. Suburban dacha ownership was similarly

309 IPN Gd 091/9, Chapter IV, pp. 3-7.
characteristic – ownership rates of 2 and 11 percent respectively, sailing yachts – 0 and 5 percent. These figures indicate that the regime had indeed achieved a degree of success in making basic goods accessible, but the more ‘commercial’ a good was, the larger the disparities in abilities to obtain it.\textsuperscript{310}

It was not intelligentsia, however, that most workers saw as a group to be blamed for the worsening situation. Telling data emerges from surveys conducted by a local sociologist Marek Latoszek. One of Latoszek’s surveys found that 71 percent of workers saw intelligentsia as a group close and friendly to them, 23 percent thought differently. Traditional axes of class conflicts and discriminatory factors such as educational level “have receded into the background in light of the common disapproval of abusing the universally accepted norms of success in life and against the kinds of career paths popular today.”\textsuperscript{311} Furthermore, nominal income differentials between the lowest and highest paid employees of the Lenin Shipyard, for example, were unremarkable by contemporary standards – they reached a maximum of 10:1, with differences between senior physical workers and top executives closer to 5:1. Those relations are visible in the original Twenty-One postulates, in which the workers demanded reducing the highest legally allowed differential from 6:1 to 3:1.

The primary source and target for resentment was a category of behaviors lumped together and called ‘private initiative,’ which “was usually associated with ostentatious wealth that had often been acquired illegally.” In a similar survey conducted in 1974, 60 percent of the respondents

\textsuperscript{310} Marek Latoszek, \textit{Więzi i Przejawy Integracji w Grupach i Zbiorowościach Społeczeństwa Gdańskiego Pod Koniec Lat Siedemdziesiątych} (Gdańsk: Uniwersytet Gdańsk, 1987), 238.

\textsuperscript{311} Marek Latoszek, \textit{Więzi i Przejawy...}, 255.
pointed to the “private initiative” and 15 percent to the wealth of “people of the margins”\textsuperscript{312} as reasons for their dissatisfaction. Private initiative was also mentioned as the easiest path to the riches, followed by top state offices and frequent travels abroad. Travelling abroad was perceived as particularly lucrative by those “who could use their head” and were “too ‘poor’ to spend holidays at home.”\textsuperscript{313} Wealth was associated not with education, skills or hard work, but with “dishonesty, cunningness and dealing under the table.”\textsuperscript{314} The respondents neared a consensus that “qualifications, honest work or thrift do not guarantee achieving a stable level of material well-being.”\textsuperscript{315} Social stratification was of course one among many reasons contributing to the causal nexus leading to \textit{Solidarność}, but a vicious circle of systemic conditions transformed that particular source of discontent into a powerful sense of injustice that kept the flame of \textit{Solidarność} burning especially bright on the Baltic coast.

The quality of communist egalitarianism on the Polish Baltic coast on the eve of \textit{Solidarność} was captured by an incident that took place when a Chinese ship named \textit{Hui Yang} visited Szczecin in early May 1980. The Poles invited the ship’s captain to participate in the local May the First parade and festivities, but he refused. The SB agents were bound to report on such an unusual incident and they did: “[t]he captain of the ship explained his decision by arguing that they [in China] have real communism where there are no differences between the captain and the crew, while we have capitalism because an engineer or a captain is a person of much higher status

\begin{thebibliography}{99}

\bibitem{312} Ibid., 255.
\bibitem{314} Marek Latoszek, \textit{Więzi i Przejawy...}, 256.
\bibitem{315} Ibid., 257.
\end{thebibliography}
and [enjoys] more respect than a worker. In this difference, the Chinese perceives a class
difference, which [in his opinion] is a characteristic trait of capitalism.” The SB officers who read
that report described it as “objective” and the agent who wrote it, TW Janek, as “trustworthy.”

4.7. The Stimulus Package of Martial Law

The imposition of Martial Law had effectively neutralized any kind of open oppositional
activity in Poland after December 13, 1981. By reinstituting strict rationing and by re-declaring
war on spekulacja, it brought back the official economic life of the country back to Stalinism.
No other more pro-business policy, however, could have been dreamed of by the sharks of the
shadow economy feeding on the maritime supply routes. With empty shelves of state-run stores
and endless queues in front of them, their services were now in a demand higher than ever, and so
were their profits. With the entire policing capacity of the country directed at neutralizing
Solidarność, the routine duties of port customs officials were certainly not a priority. A
confidential “report on the speculative practices among crewmen in Polish cargo shipping,”
produced by the Chief Customs Office on 17 August 1982, complained about “a marked increase
in the private shipment of goods for commercial purposes in the first half of this year. Among the
most frequently imported goods were: coffee of all kinds, corduroy, [...] chewing gum, pantyhose,

Wojewódzkiego Urzędu Spraw Wewnętrznych w Szczecinie oraz inne materiały dotyczące polskich marynarzy i
statków,” Wojewódzki Urząd Spraw Wewnętrznych w Szczecinie, l. 41.

\[317\] After the law on foreign currencies had been changed in November 1956, the possession of foreign currency on
its own was no longer illegal. This moment can be understood as a symbolic end of Stalinism in economic life.
Some experts held that “it had led to a more uninhibited and less risky criminal activity and made the fight against it
more difficult, [since before that change] the very act of possession of foreign currency was enough to prosecute
against the suspect whereas currently, one needs to prove that the assets have been employed, which, in great many
cases, is impossible as such employment takes place “face to face.” After: IPN GD 0046/227/3/5,1970, l. 18.
decorative flower tape, plastic lady purses, ethanol – i.e. the kinds of goods that deliver the highest profit in the dollar-zloty price arbitrage.”

The introduction of Martial Law led to enormous shortages on the official market in general. It literally wiped out entire sectors of consumer supply. That situation turned out to be a very effective stimulus package for the private maritime supply operations, legal and illegal. The legal side is reflected in the figure below:

Graph No 1. Total value of foreign goods declared individually by merchant seamen at the Gdańsk Customs Bureau in 1982.

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319 Ibid., l. 278.
Between January and July 1982, the first (full) six months under the Martial Law, the value of privately and legally imported goods by seamen increased more than twelvefold. As the authors of the report underlined on numerous occasions, such figures represented merely a tiny fraction of the real inflow of the supply of merchandise through the ports – they pertained only to the goods officially cleared by individual seamen without any infringement upon existing tariff regulations.\(^{320}\)

The authors of the report numerous similar cases and declared that many more could be delivered “upon request.” In conclusion, they “wish[ed] to emphasize that the aforementioned importation of merchandise remains within the legal limits of customs privileges enjoyed by merchant seamen according to the current letter of the law and tariff regulations.” Ad nauseam, they emphasized that:

> “the self-evidently illegal sources of hard currency among numerous representatives of the seamen milieu. This situation, independently of moral dimensions, leads to [...] economic losses for skippers. It also needs to be emphasized that the selective privilege for seamen as a professional group in the current regulations on customs allowances is conducive to the participation of crewmen of seagoing ships in speculative activities /with a marked tendency toward exacerbation of this phenomenon. / [sic]. Information attached hereby does not touch upon [...] the hard-currency-based criminal activities violating border and customs regulations. It is a threat that has not lost anything from its relevance since last year's winter [winter of 1981/1982], when appropriate documents were delivered to the direction of the Bureau of Maritime Economy /letter GK-I-560-565/81 from 17.12.1981/.”\(^{321}\)

Similar Martial Law enterprises were booming in Szczecin as well. The local Customs Bureau reported on the following ‘record’ customs clearances by individual sailors: 80 liters of ethanol from the FRG, 165 kg of coffee from Africa, 810 pairs of pantyhose from Western Europe, 100 of sheepskin coats from Norway, 160 running meters of corduroy from the US. Some of the more

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\(^{320}\) Ibid., l. 279.

\(^{321}\) Ibid., l. 282.
notable individual feats included: a steward on m/s *Walka Młodych* [the Youth’s Struggle] returning with 188 kg of coffee worth 263,000 PLN; a cook on m/s *Inowroclaw* with 400 running meters of corduroy worth 621,000 PLN (all of it allegedly purchased thanks to his hard-currency supplement worth 25 USD); a chief steward on m/s *Bolesław Krzywousty* with an unusual combination of 350 kg of coffee, 47 kg of tea and 25 liters of engine oil, all adding up to 485,000 PLN.\textsuperscript{322} Montana jeans were among the all-time-favorites and could raise up to 500,000 PLN per one shipment.\textsuperscript{323}

The introduction of the Martial Law did not change the geography of Poland’s black market. A report from March 1983 concluded that the Gdańsk Coast remained “one of the main centers of illegal turnover of hard currency and contraband in the country. The existence of the hard currency market is conditioned by the cross-border flow of individuals employed in the maritime transport who make their living through satisfying the hard currency demand, in particular from those who achieve significant financial revenues.” The PHZ continued to be an important vehicle for connecting the underworld with the capitalist world. What was new in 1982 was the singling out of the automobile black market as a separate category, alongside the traditional hard currency, jewelry or precious stones. The most efficient method of fighting against these

\textsuperscript{322} Ibid., l. 280-281. These figures include only officially declared and cleared wares. Many attempted to avoid customs fees. In November 1983 in Szczecin, for example, a Lada car filled with 106 kg of coffee was searched by the local customs officials as it was leaving the port's gate. See: "Korespondencja Wydziału II Wojewódzkiego Urzędu Spraw Wewnętrznych w Szczecinie oraz inne materiały dotyczące polskich marynarzy i statków,” Wojewódzki Urząd Spraw Wewnętrznych w Szczecinie, IPN Sz 0012/499/1, l. 379.

\textsuperscript{323} IPN Sz 0012/499/1, An untitled note exchanged between the Gdańsk and Szczecin police departments on 12.06.1983, [in:] "Korespondencja Wydziału II Wojewódzkiego Urzędu Spraw Wewnętrznych w Szczecinie oraz inne materiały dotyczące polskich marynarzy i statków," Wojewódzki Urząd Spraw Wewnętrznych w Szczecinie, l. 274.
undesirable phenomena remained unchanged: “penetration of criminal milieus and places, in which illegal transactions occur.”

Tourist movement in 1982 was limited both with capitalist and socialist countries. Black market prices of gold and currency grew as a result of the constant devaluation of the zloty. What also increased was the circulation of state-issued PKO and Baltona (sailor store) hard currency vouchers. Cinkciarze quickly monopolized the illicit circulation of both. By the 1980s, being a *cinkciarz* was a full-time job. Gone were the times of holiday season amateurishness around the five-star hotels in Sopot. Cinkciarze also became more refined in keeping the state’s policing organs pacified. Being unemployed was no longer an option as unemployment was declared both non-existent and illegal. “In their ID cards, they indicated that they were employed in the non-socialized sector (painting, wallpapering, smoothing), which is practically only a façade and an attempt to camouflage their activity.”

Martial Law saw a return of repressions remembered well from the Stalinist years. Two months before its introduction, on October 12, 1981, the Council of Ministers established yet another regulatory body: The Central Anti-Speculation Commission. With a slightly different name and gentler instrumentarium, the Commission was to achieve the objectives so ardently pursued by its much-feared, legendary predecessor: The Special Commission for Liquidating Economic Abuse and Sabotage, 1945-1954. The Commission’s local branch was created in Gdańsk already in March 1981. Under Martial Law, special ‘activist-worker’ brigades were mobilized, of course on a ‘voluntary basis,’ to fight against speculation. While the Baltic Coast

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324 IPN Gd/427/30 t. 1/3, Ocena efektywności ścigania przestępstw dewizowych i przemytniczych przez jednostki MO województwa gdańskiego w roku 1982, Gdańsk, Marzec 1983, l. 5.

325 IPN Gd/427/30 t. 1/3, l. 7.
had been a peripheral object of interest for the first Stalinist commission, which focused primarily on the areas of the former General Government, it emerged as the focus of attention in 1981. In 1982, there were 6,920 ‘activists’ participating in various ‘control actions’ in the Gdańsk Voivodeship, 2,902 in the Warsaw Voivodeship, 3,173 in the Katowice Voivodeship. Both the Warsaw and Katowice Voivodeships had much larger populations than the Gdańsk Voivodeship. In the peripheral eastern voivodeships there were as few as 35 “activists” in these worker brigades. These figures demonstrate a dramatically different response to pressure to join brigades in different regions. They suggest that either the level of pressure itself varied widely, or that there was much greater interest in – perhaps even genuine enthusiasm for – a crackdown against ‘speculation’ and profiteering in the Tricity region.

Martial Law saw a return to some of the blunt weapons of governance from the Stalinist arsenal. But a full-blown return to Stalinism was certainly not desired by the leadership nor the cadres. After the brief military interlude in Poland, the ways of the shadow economy spread throughout the entire Bloc and by the late 1980s – they ruled supreme. The centrally planned economy had stopped functioning everywhere apart from the planners’ cabinets. Before 1980, however, the socioeconomic profile of the Polish Baltic Coast was unique compared with the rest of the East Bloc. Various black market phenomena did exist virtually everywhere, but their scale and distinct urban/spatial concentration on the Polish Baltic coast was outstanding. The mechanisms and relationships described in this chapter are important in so far as they uncover a little known story that differs from most other accounts of the origins of the Polish anti-communist opposition and its traditional themes such as: the role of the Catholic Church, nationalism and anti-

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Russian sentiment, the role of KOR intellectuals and dissidents, the systemic inefficiency of Soviet-types economies, ‘the Gorbachev factor’ or the role of Western support and the post-Helsinki emphasis on human rights. Due to the very nature of this topic, its significance was perhaps less immediately obvious to many contemporary observers and has remained such for historians. With the archives now more fully open, its extensive dimensions and impact should be fully appreciated.

4.8. The Cold War Baltic

The Baltic Sea was an arena where various determinants of Cold War international relations came to a confluence precisely around 1980. The region witnessed open and secret naval demonstrations/provocations and provided the scenery for various underground (and underwater) channels of communication and exchange, which often relied on, at the minimum, breaches of customs regulations and brief intrusions into the enemy’s territorial waters. The Baltic was an arena of special importance also because, unlike East Germany, Czechoslovakia or Hungary, Poland shared no common border with the West other than across the Baltic. The Polish Baltic shore thus had a unique significance both for that country and for the West. The role of the nominally neutral Sweden in this configuration was pivotal, to say the least. The special role of the Baltic became prominently visible yet again during the First Solidarity Congress held in Gdańsk in September 1981. While delegates and journalists were bustling in and out of the port city, at the same time Moscow organized large naval maneuvers along the Polish shores, just a few
miles away from where the Congress was held. According to senior NATO experts, “those were
the greatest exercises ever arranged by Soviet military forces” to date.327

The Baltic Coast was not only socially explosive and politically subversive, but also
happened to be located at a node of strategic importance – a new geopolitical condition after
Stalin’s decision to move Poland west after the war was put into effect. With the former German
industrial powerhouses of Upper and Lower Silesia now in Polish hands and with an overwhelming
majority of exports entering the world market through the ports of Szczecin and Tricity, the August
1980 strike in the Lenin Shipyard struck at the heart of the Comecon logistical system and
threatened to paralyze it. Silesia and the over three hundred kilometers of the Baltic coast that
Poland now held transformed this hitherto largely agricultural country into an industrial one with
maritime aspirations. In the 1970s, Gierek’s ambitious policy of ‘opening Poland’ to the world
turned Tricity and Szczecin into two outlets without the cooperation of which most of the country’s
trade capacity was immediately paralyzed. Given Poland’s foreign debt in 1980 – it could mean
nothing else than bankruptcy. Cold War geopolitics as well as infrastructure and sheer geography
of the Soviet Bloc rendered Tricity and Szczecin even more crucial as they serviced a considerable
part of the landlocked Czechoslovak and Hungarian foreign trade. Considering these facts and the
leadership’s awareness of them, it is safe to assume that if the strikes occurred anywhere else in
Poland, especially in the pre-1945 ‘Congress Poland’ with little industrial capacity, the regime's
strategy of gentlemanly negotiations and the willingness to compromise would have been less
pronounced. It would hardly lead to Solidarność, but perhaps to compromise wage deals that had
been in fact reached in Lublin, Świdnik and elsewhere in July of 1980. The collapse of communism

in Poland had its seeds planted deeply in Stalin’s insistence on moving the country west. What is surprising is that even though Generalissimus realized that installing communism in Poland was like trying to saddle a cow, by endowing his satellite with all of Silesia and the Baltic coast, he made the cow’s task somewhat easier.

In conclusion, it is worth reflecting that all the traditional forms of Polish resistance to foreign domination, such military uprisings, conspiratorial or dissident activity, often served to strengthen the communist regime. The Warsaw Uprising of 1944 and the anti-Semitic, anti-intelligentsia purge of 1968 are the two most prominent examples. What happened on the Baltic Coast in December 1970 and then again in 1980 was entirely different and caught the regime by surprise. To reduce it to a crude binary, the peculiarity of the Baltic coast can be imagined as a coexistence of ‘ideal Marxist’ (big concentration of labor in heavy industry) and ‘ideal laissez-fair’ (unregulated outcomes of multiple private exchanges) conditions rubbing against each other (the wrong way) while being inextricably depended on each other for livelihood. In more concrete terms, some people were toiling on the factory floor building ships while others were making lots of money thanks to what was illegal at the time. Since many of the Gdańsk-built ships were ‘exported’ to the USSR, the shop floor labor in them was perhaps not far from what Marx understood as alienation. The contraband of fashion or stimulants was worlds apart from Adam Smith’s moral sentiments. But nothing was ‘normal’ in the Polish economy at the time. In a world where honest work ‘led to nowhere,’ it took some not-exactly-elegant types of operations to blow that world apart. Those operations were at the core of an engine of economic growth expanding from within the margins imposed by the central planner. Would any kind of ‘honest’ or ‘legal’ business have the capacity to undermine the regime’s grip on the economy and society?
The usage of morally-charged terminology such as ‘speculation,’ ‘profiteering’ or ‘contraband’ so widespread in this chapter stems from the nature of the archival evidence and all the opprobrium heaped on capitalism by Marxist-Leninist ideologues. A closer look at the black market of port cities in Poland shows that it was a remarkably peaceful environment, with little violence often associated with similar milieus or the kinds of ‘entrepreneurial violence’ that became all-too-visible in the post-Soviet space after the USSR collapsed. What most contrabandists, prostitutes or money changers did was providing goods and services that were in high demand and hard to obtain, and were rewarded accordingly. A comparative look at the Baltic coast of the GDR and the Soviet Union will show that the incomparably lower levels of black market activity there contributed to the regime’s ability to maintain control over citizens more comprehensively and for much longer. The level of control that the Stasi and KGB held over any aspect of life in their respective societies was extraordinary, and the port grounds there were monitored with ruthless scrutiny.

To be sure, those playing the black market game well were not interested in bringing down the regime, and for a good reason – the income level of seagoing professions declined nominally, not to mention relatively, after 1989. On the other side, many apparatchiks hoped they could profit from its operations while retaining a comfortable level of control. In a society constructed according to a Marxist blueprint, but governed by the law of unintended consequences, black markets were not only hardly conducive to the regime’s stability, but more subversive than most authors have so far conceded. In this Gordian knot of paradoxes, contradictions and economic relations turned upside-down, the black markets did make social inequalities even more unfair and blatant, facilitated corruption and indirectly led to casualties and repressions, but ultimately – to
the regime’s collapse as well. As in many other Cold War entanglements, sings of moral evaluation are not to be distributed lightly.

On September 17, 1980, just seventeen days after the successful conclusion of the August strikes, the first delegates from the thirty-five embryonic independent unions met in Gdynia’s Hotel Morski, the Sea Hotel. “This shabby seamen’s hotel,” as Timothy Garton Ash reported, now served as the headquarters of the Founding Committee of Independent Self-Governing Trade Unions.328 Ironically again, there were very few seamen, if any, among Solidarity’s founding fathers. The deliberately symbolic setting of Solidarity’s formal founding moment was a wry wink to the very few in the audience who were familiar with the shadow economics of Baltic port cities. Given its international significance as an element of the global Cold War power balance, most of the foreign attention to the Polish workers’ movement has always been focused on its anti-Soviet potential. While no one can seriously deny that the anti-Soviet sentiment was a major driving force, now with the Cold War over and the archives open, a stronger magnifying glass should be applied to study what else Solidarity was about.

328 Timothy Garton Ash, In Europe's name: Germany and the divided continent (New York: Random House, 1993), 74-75.
5. Chapter III

Treachery Allures of the Soviet Maritime – An Institutional View

5.0. Calm before the Storm

Nikita Khrushchev’s crusade against the twenty-million-ruble black market business of the two most famous Soviet valiutchiki [hard-currency dealers], Ian Rokotov and Vladislav Faibishenko, began in West Berlin in early 1961, shortly before the Wall was erected. The Soviet leader was appalled by the vibrancy of the Strassenhandel [ambulatory street trade] happening all around him, and could not resist sharing that impression with the local journalists. Moscow’s urban legend has it that the General Secretary received the following reply: “there is no greater black market bazaar than the one in Moscow.”329 While the journalist’s exact words could have been different, the leader of the Soviet Union was indeed furious after he learned that a comment like that was not far removed from reality. At the moment when Khrushchev was in West Berlin, Rokotov and Faibishenko had been already sentenced to a prison term of eight years, the maximum length available for illicit foreign currency circulation then. But upon Khrushchev’s personal intervention, the law had been quickly readjusted, and the trial relaunched. To maintain a facade of socialist legality and class struggle, five days before the final verdict was to be pronounced, an angry open letter was written by some anonymous industrial workers of Moscow and published in the Izvestia daily. The workers urged the court to change the original verdict and execute “the

traitors […], the scum of society.”

The shooting of the two young men, who exchanged currency and jeans with foreigners, surely brought the fear of the Soviet state back into many other “aficionados of easy profit.”

The televised Moscow show trial of 1961 was followed by a wave of heavily publicized witch-hunts directed against similar black marketeers. The wave consumed at least one other fatal victim, an acquaintance of Rokotov and Faibishenko, a 24-year old MGU alumnus named Dmitri Yakovlev. Reminiscences and statistics indicate that this reapplication of the measures well-tried in the 1930s did lower the visibility and, perhaps, the intensity of black market operations happening outside of state control as well. The crime wave that followed the 1956 gulag amnesty coincided with the black-market frenzy sparked by the World Festival of Youth and Students hosted by Moscow in 1957. Khrushchev’s reaction left no doubt that there was going to be little tolerance for Soviet citizens fond of unofficial sources of income, and none if the profit was derived from dabbling in foreign currency exchange.

After Leonid Brezhnev came to power in 1964, the Soviet economic policing organs were given some respite. By the late 1960s, the Soviet leadership felt confident enough about its ability

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332 See: Alena Ledeneva, Russia’s economy of favours… ; Julie Hessler, A social history of Soviet trade… .

to protect the state monopoly of foreign trade and currency reserves to embark on an unprecedented opening of the USSR to the world. A quarter century after Stalin’s death, by 1978, “the commercial relations of the Soviet Union with foreign countries had grown by the order of eight or ten,” or so estimated the Gosplan statisticians.\textsuperscript{334} By 1980, 28 percent of the country’s foreign trade was exchanged with the so-called ‘capitalist nations,’ a record high. In relation to 1970, the following increases in the flow of foreign trade cargo were registered by the GTU [\textit{Glavnoe Tamozhennoe Upravlenie}, the Main Customs Administration] in 1980: gross - 48 percent, via railway - 20 percent, via sea - 19 percent, via roads - 600 percent, via air - 76 percent, via post service - 45 percent, in personal luggage - 230 percent.\textsuperscript{335} In the 1970s, according to G. K. Zhuravlev, the deputy Minister of Foreign Trade, the growth rate of Soviet foreign trade exceeded by a factor of three all the other sectors of the national economy.\textsuperscript{336} In the second half of the 1970s, the volume of international tourist traffic in and out of the USSR grew by 50 percent in comparison with the first half of the decade. In 1980, the country was visited by tourists from 155 countries, while Soviet citizens travelled to over 130 countries around the world.\textsuperscript{337}

Khrushchev’s ardor for suppressing the non-state-regulated economic activity of Soviet citizens seemed to work at first. Those apparent successes emboldened Brezhnev’s new leadership

\textsuperscript{334} RGAE (Russian State Archive of the Economy), Fond 413, Opis 31, Delo 9849, l. 11, Doklad rukovodstva Upravleniia na torzhestvennom zasedanii v sviazi s 60-letem tamozhennykh uchrezhdenii SSSR, 2 June 1979.

\textsuperscript{335} RGAE, Fond 413, Opis 32, Delo 1894, l. 60, Dokumenty Vsesoiuznogo soveshchaniia-seminara nachal'nikov tamozhen, protokol vsesoiuznogo soveshchaniia-seminara nachal'nikov tamozhen, 13-17 Aprelia 1981 goda, gorod Moskva.

\textsuperscript{336} RGAE, Fond 413, Opis 32, Delo 480, l. 47, Dokumenty Vsesoiuznogo soveshchaniia nachal'nikov tamozhen (1979), tom 2.

\textsuperscript{337} RGAE, Fond 413, Opis 32, Delo 2639, l. 89, Protokol i stenogramma soveshchaniia rukovoditelei tamozhen Baltiiskogo regiona po obmenu opytom raboty v oblasti bor'by s kontrabandoi.
enough to tweak a seemingly minor, but in retrospect crucial, regulation. Starting from 1967, the practice of “a full inspection of each and every ship entering Soviet seaports by both customs squads and border guards” was to be discontinued. The original decree was changed after the heavy pressure exerted by the MinMorFlot [Maritime Fleet Ministry]. As the volume of international trade grew in the 1960s, the clearance waiting times in Soviet ports became unbearably long. This problem, if it continued, could hurt the USSR’s prestige on the international arena. Furthermore, “the Soviet people are true patriots of their fatherland, they should be trusted,” after all, the MinMorFlot argued.338

Two other decisions from the mid-1960s are crucial to understand the evolution of Soviet black market trends in the 1970s and 1980s, the subject-matter of this chapter: the decrees by the Council of Ministers from March 12, 1964 and January 8, 1966. According to those decrees, captains of passenger cruise vessels were now allowed to purchase foodstuffs and industrial goods while anchored in foreign ports, and then to resell them with “an appropriately high margin in the ship’s bar or kiosk, for the freely convertible currency.” Furthermore, the captains were permitted to resell a part of their foreign purchases to other vessels, if those vessels belonged to the same fleet as their own ship of deployment. These changes were an implementation of the amendments issued by the Inter-Governmental Maritime Consultative Organization in 1965. Their further implementation took place in 1973 (MVT and MMF decrees No 41121/73 and 4657/73 on

338 RGAE, Fond 413, Opis 32, Delo 480, l. 46, Dokumenty Vsesoiuznogo soveshchaniia nachal’nikov tamozhen (1979), tom 2.
“facilitating international maritime traffic”), which additionally liberalized many customs and tariff laws regulating the Soviet maritime transport sector.339

Yet one more consequential alteration in the Soviet customs law was introduced by the GTU [Customs] decree no. 13/1975. That decree focused the efforts of tamozhnias [customs/border inspection points] on “the interception of contraband of considerable dimensions” [krupnogo razmera]. Moreover, the decree directed the customs officers’ attention to the so-called “ideological contraband,” and away from consumer goods imported for personal consumption in retail quantities.340 There were three interrelated reasons behind that liberalization. First was the generally growing permissiveness for petty-bourgeois comforts of life under what political scientist James R. Millar called “Brezhnev’s little deal,” especially in the wake of Alexei Kosygin’s pro-market reforms of 1965.341 Second was the growing concern with fighting transnational organized crime, which necessitated to move some resources away from the home front. Third was the extensive introduction of x-ray scanning, alongside other advanced methods of screening, to Soviet border checkpoints. “Petty [melkie] interceptions” were not to be pursued with earlier severity, especially not as a routine and comfortable way of fulfilling the prescribed quotas, as those kinds of interceptions diverted the attention away from uncovering “the deliberate, cunningly concealed contraband,” that characterized the transnational criminal networks.342


340 RGAE, Fond 413, Opis 32, Delo 1985, l. 53. O merakh po usileniiu bor'by s kontrabandoi v krupnykh razmerakh i ideologicheskii vrednykh materialov.


342 RGAE, Fond 413, Opis 32, Delo 2639, l. 77, 80. The decrease in the fraction of ‘small interceptions’ in the 1970s was noticeable. Between 1971-1973, the number of violations ‘under 100 rubles’ made up more than half of all the violations, in 1976 - 10 percent, and by the late 1970s - 5 percent, with some tamozhnias not registering this type of
The Soviet authorities attached great hopes to the various cutting-edge technologies of screening collectively known as the TSK - Tekhnicheskie Sredstva Kontrolia, all being introduced en masse in the 1970s. They were intended to help the customs officers work more effectively and render any kind of smuggling prohibitively risky. In 1978, for example, at 62 tamozhniyas and 41 tamozhennyye punkty [smaller border checkpoints], “2,300 customs officials carried on with their difficult service,” an internal newsletter reminded the readers, “many of them very far away from administrative and cultural centers [...] under any weather, all seasons, around the clock, in impossible heat and biting cold, they oversaw the flow of cargo stored in and on sea and river vessels, planes, cars, railways and in passenger bags.”343 This 2,300 strong komanda [team] was now equipped with hardware so technologically potent that nothing should cross Soviet borders unnoticed, or so Moscow hoped.

The artistic expression of Brezhnev’s early confidence was the most popular movie of 1969 - Brilliantovaya Ruka, the Diamond Arm. Until the film’s release, maritime contraband had been largely a taboo subject. If it had been mentioned, it was only in an unambiguously criminal and disparaging context. Leonid Gayday’s film, currently ranked second in the entire Soviet cinematographic history in terms of the number of tickets sold, has achieved a cult comedy status soon after it premiered. Its enormous success was thought to exude a taming kind of influence over violations at all any more. Consequently, while the number of cases had plateaued, the value of goods intercepted grew from 4.3 million rubles in 1971 to over 20 million by 1980, i.e. a higher result with a similar investment of labor and a sharper focus on organized crime. But this selective approach had its minuses: growing permissiveness for small-scale, grassroots forms of foreign exchange.

343 RGAE, Fond 413, Opis 31, 9849, l. 11, Doklad rukovodstva Upravleniia na torzhestvennom zasedanii v sviazi s 60-letem tamozhennykh uchrezhdnenii SSSR, 2 June 1979.
the issue of maritime trafficking. Trafficking had been turned into a topic familiar and rather hilarious. If one could laugh about it, this fact alone should have helped to disarm its destabilizing potential, both in economic and social terms. But those optimistic predictions began to be proven wrong in the 1970s.\footnote{See: Prokhorov, Aleksandr, “Cinema of Attractions versus Narrative Cinema: Leonid Gaidai's Comedies and El'dar Riazanov's Satires of the 1960s,” \textit{Slavic Review} (2003): 455-472.}

\textbf{5.1. The Time of Troubles}

By the end of the 1970s, the half-hearted pro-market Kosygin reforms in general, and the liberalization of the customs regime in particular, brought results different than what had been initially expected. The confidence of the 1960s was gone. Some Soviet citizens, unfortunately, turned out to be “not conscientious enough,” and the resulting “moral and material loses of our state […] were [already] sizeable,” complained the deputy minister of the MVD [Ministry of Internal Affairs] V. T. Shumilin. The roots of those alarming trends, Shumilin held, run deep in the legal sphere: “the innumerable instructions, letters, decrees” that were inconsistent, overlapped, or were merely partially enforced, if at all. “It all had to be clarified,” he told his colleagues from related institutions. But the moral dimension of the problem was no less alarming, especially the willingness of the young generation to “engage in trafficking and speculation,” and “their desire to imitate the Western style, fashion and manners.”\footnote{RGAE, Fond 413, Opis 32, Delo 480, l. 46-48, Dokumenty Vsesoiuznogo soveshchaniia nachal'nikov tamozhen (1979), t. 2.}

Indeed, in February 1978, a plenary meeting of the Supreme Court of the USSR concluded with a special decree pertaining to the Court Practice with Respect to Contraband Cases. The
The document was based on a comprehensive survey of reports from supreme courts of the fifteen Republics, provincial courts, the GTU and numerous other organs, including military tribunals. The decree was designed to clarify the procedural ambiguities that had accumulated over time. Specifically, a sharp distinction between “petty” [melkaia] and “significant” [krupnogo razmera] contraband was restated, with added emphasis and urgency. The latter was to be pursued with all the weight of the Soviet penal apparatus while the former - to be merely kept in check by administrative means, e.g. individual fines. What qualified a contraband case for the krupnaia paragraph was, for example, a disclosure of “sophisticated caches, falsified travel and customs documents, organized group character,” or involvement of state functionaries, who “abused their professional privileges.” Krupnaia kind of contraband implied “heightened societal perils” and was to be eradicated, once and for all.346

A few examples of this type of societal peril were mentioned in the document. For instance, a captain’s aide on the Lithuanian vessel Privodino smuggled large quantities of female scarves in various well-camouflaged caches hidden in the cargo chamber, but “in a place clearly not designated to transport goods,” hence the contraband qualified as krupnaia. In a larger case, several mechanics of the Estonian A. Kulberg, servicing the regular Tallinn-Stockholm line, banded into an “organized, permanent” group that purchased hard currency in Tallinn, smuggled it out to Sweden to purchase female wigs there, “in significant amounts (up to 500),” smuggled the wigs back into the USSR, hence “breaking a whole range of laws.” Over the several years of their activity in the 1970s, the group reaped a profit of at least 35,000 rubles. A counter-example of petty [melkaia] contraband, to be punished by administrative fees, was also given, e.g. a one-time

346 RGAE, Fond 413, Opis 32, Delo 484, l. 13, Informatsionnye biulleteni po tamozhennyam voprosam, DSP.
purchase of 35 wigs (1,600 rubles) in Poland and their delivery to Perm. That isolated case had all the markings of a one-time escapade, hence a small fine was deemed sufficient.\footnote{RGAE, Fond 413, Opis 32, Delo 484, l. 18.}

The decree’s main innovation was the equalization of legal responsibility of the so-called ‘domestic speculators’ (e.g. \textit{fartsovshiki}, hard-currency traders in port cities) with ‘contrabandists’ proper. Both groups now qualified as participants in an organized crime group (OPK, \textit{Organizovannaia Prestupnaia Gruppirovka}), both to be punished with equal severity.\footnote{RGAE, Fond 413, Opis 32, Delo 484, l. 19-24. Biuletin Verhovnovo Suda SSSR, No 6 1978, Rassmotrenie ugodovrhkh del o kontrabande. Obzor sudebnoi praktiki.} This modification was in fact a crucial change. Before 1978, it was of decisive significance where exactly the act of ‘speculative activity’ took place, whether it was within the territory of the USSR (including territorial waters) or overseas. If it took place in foreign ports, the penalty was significantly harsher, mostly because it qualified the violation as contraband proper, an act which involved (tres)passing the Soviet state border illegally, i.e. without the relevant customs paperwork and fees. If the act of acquiring a foreign good took place in a Soviet port, it qualified merely as \textit{spekulatsiia} because it entailed no movement of goods across the border. This legal nuance meant that it used to be less risky to be a local \textit{fartsovshik} than a trafficker, a situation perceived as highly unfair by the Soviet maritime personnel, since not only did they have to do the harder part of the job (procurement and smuggling, as opposed to finding a Soviet customer, which was not a challenge in a shortage economy), but also faced potentially more severe sanctions, including execution.\footnote{Ukaz Prezidiuma Verkhovnogo Soveta SSSR c 5 Avgusta 1960 g; Paragraph 88 of the Criminal Code.} The optimal strategy for a black marketeer before 1978 had thus been to develop contacts with some foreign sailors who visited Soviet ports regularly, and not with the domestic
sailors, who were more likely to disappear in a penal colony, hence putting an end to a vital business connection. The less risky option avoided the most severe ‘speculation paragraphs’ of the criminal code.

What passed for *krupnaia kontrabanda* varied after 1975, the first time the hitherto working distinction had been turned into a law. Usually, it implied values greater than 1,000 rubles (roughly: an average annual salary) or materials deemed dangerous, either in the direct, physical sense or ideologically. In the Ventspils customs office, for example, only 2 out of 73 contraband shipments intercepted in 1982 qualified as *krupnaia kontrabanda*.\(^{350}\) This meant that most violations involved the sailors who failed to clear some personal belongings that were clearly not intended for commercial purposes, an act that entailed either negligible or no disciplinary consequences.\(^{351}\) In this sense, the new policy incentivized a peculiar kind of a black market golden mean. While ‘commercial’ amounts of *spekulatsiia* were severely repressed until 1991, the level of permisiveness for small-scale *sdelki* [deals] aimed at personal consumption was considerable, with operations contained to a narrow collegial or familial circle being largely tolerated. This tendency was on the rise in the 1970s. It was another manifestation of “Brezhnev's Little Deal,” the policy that prioritized the stability of cadres over the cleansing kind of application of socialist legality preferred by Khrushchev. By the end of the decade, a majority of Soviet citizens would have eventually been in touch with imported consumer goods, one way or another. The ambivalent legal nature of those encounters was encapsulated by the phrase *somnitel'noe proiskhozhdenie*

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\(^{350}\) With just one *krupnaia kontrabanda* case (6,000 woman’s headscarves worth 30,000 rubles constituting nearly a third of the total value, see: RGAE, Fond 413, Opis 32, Delo 2639, l. 89, Protokol i stenogramma soveshchaniia rukovoditelei tamozhen Baltiiskogo regiona po obmenu opytom raboty v oblasti bor'by s kontrabandoi.

\(^{351}\) Fond 413, Opis 32, Delo 2639, l. 145.
(questionable provenance), often applied by both the policing organs and ordinary citizens. The term referenced the kinds of goods that were obviously foreign, but the way they entered into the country remained unknown; it could be legal, it could be illegal, or somewhere in between. A dead letter of the law it was not, however. Following the Rokotov-Faibishenko case of 1961, one possible punishment for *krupnaia spekulatsiia*, especially with hard currency, was execution (*vide:* Paragraph 88 of the Soviet Criminal Code). There was no shortage of other economic policing paragraphs that could be turned against a citizen, if or when the state deemed it desirable.

It was not just the ambiguous and overlapping law as such that was problematic, but also its irregular application. Soviet law could be applied arbitrarily, its severity was conditional upon the social status of the offenders involved, the current international climate, or any other possible mitigating (or worsening) circumstances at the time. After receiving the Nobel Prize in physics in December 1978, Piotr Kapitsa purchased an automobile, a brand-new Mercedes-Benz 280 SEL. The car was scheduled to be shipped by a Finish company Filipsons Norr Bil AB, from Stockholm to Moscow. Prior to the shipment, the President of the Soviet Academy of Sciences had sent a letter to the deputy minister of Foreign Trade requesting a duty-free clearance for that vehicle on its way to Moscow. His wish was granted. While no one could hold a Mercedes-Benz against a person of Kapitsa’s statue, a hero of socialist labor and a Nobel-prize laureate, the correspondence between the two organs is representative of the increasingly indifferent attitude to blatant legal

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352 Stat'ia 88 Ugolovnogo kodeksa RSFSR 1960 goda, Narushenie pravil o valiutnykh operatsiakh.

353 RGAE, Fond 412, Opis 32, Delo 481, l. 47, Akademija Nauk SSSR 6 April 1979, 1010-10120-4601, Zamiestiteliu Ministra Vneshniei Targovli SSSR, tovarishu Zhuraviiovu, G. K.
arbitrariness in the late 1970s. This arbitrariness helped some Soviet citizens to claim and consume their elite status, for most it helped to keep up with the Joneses, it could send other into their graves.

With respect to a more widespread form of a cross-border movement, Soviet statistics were indicating that international tourists began to surpass overseas-bound sailors [moriaki zagranplavaniia, lit: sailors of foreign destinations] as the main traffickers of contraband by the mid-1970s. In 1977, 501 cases of contraband investigations targeting foreign tourists were initiated by Soviet authorities, with 17,000 objects worth 304,000 rubles intercepted in the process. In 1979, it was 649 cases, 530,000 rubles and 11,000 objects, “a constantly growing trend,” and a reflection of the newly reinforced focus on krupnaia kontrabanda. The leading tamozhnias were: 1) The Sheremet’evo Airport: 263 cases, 2) Vyborg: 70 cases and 26,000 rubles, including 5,523 instances of “ideologically pernicious literature,” 3) Leningrad’s Pulkovo Airport, 4) Tallinn and 5) Leningrad’s seaport. Finish citizens were unrivalled leaders in the numeric aspect of this ranking: 112 cases (13,600 rubles), Italians took the second place (49 cases, 14,700 rubles), Americans - the third (42 cases, but 224,000 rubles, mostly antiques), followed by the West Germans - 43 cases, 21,000 rubles. Tourists travelling by maritime channels, while accounting for between 10 and 30 percent of all cases, were responsible for 7,900 out of the 10,700 “ideologically pernicious materials” intercepted.354

The contraband intercepted on the way into the USSR amounted to less than 20 percent of all ‘tourist-contraband’ registered, which was “indicative of the fact that, on the whole, the effectiveness of control of the persons entering the USSR was significantly lower than [the control

354 RGAE, Fond 413, Opis 32, Delo 484, Biulleten’ Operativnoi Informatsii, No 4 (25), Dekabr 1979, l. 63-67, 70.
of] those leaving the country.” Even more tellingly, in 1980, while the value of contraband registered among the foreign tourists leaving the country grew by 150 percent, the value confiscated on the way in decreased by 28 percent. A similar trend was registered among the so-called ‘transit passengers.’ This disproportion was clearly a sign of arbitrariness and directionality. To an extent, supplying the domestic market through backdoor channels was tolerated, whereas the state’s grip on anything that could be exported from the USSR was tightened. Moreover, the process of controlling and penalizing foreign tourists was a distinct legal sphere, the laws of which did not apply to Soviet citizens. To give just one example: as of 1982, the MinRybKhoz [Fisheries Ministry] employed 143,000 servicemen with a passport of moriak zagranplavaniia [foreign-bound sailor], which gave them access to foreign ports. Altogether, there were 52,000 such sailors and fishermen based in the Western Sector [Baltic] and 26,000 in the Northern Sector [Barents Sea]. Between 1976 and 1981, the authorities registered 1,635 customs violations performed by those servicemen, including “licentious” [beznravstvennyi] and “pernicious [vrednyi] ideological material.” Indicatively of the real relation between demand and supply, which was clearly distorted in the selectively surveilled foreign tourist traffic, 85 percent of those cases were registered upon return, 15 percent - upon leaving the USSR.355

One of the louder trafficking scandals in the 1970s was the trial of seven customs and border control officials from Leningrad, who were implicated in an ‘internationally organized contraband operation,’ side by side with dozens of other “valiutchiki and vziatochniki” [hard-currency dealers and grafters]. The main activity of that OPG [Organizovannaia Prestupnaia

355 Fifty-five percent of all Soviet foreign-bound fishermen were based either at the Baltic or the Barents Sea. After: RGAE, Fond 413, Opis 32, Delo 2639, l. 16.
Gruppirovka], active between 1974 and 1976, was the illicit export of antiques and other objects of “cultural significance” from Leningrad, including its world-famous museum exhibits. The value of intercepted contraband amounted to (at a minimum) 222,000 rubles: 186 icons, three paintings and “analogical objects of art and antiques,” the value of which could not be determined exactly, or was considered priceless. The key to the sustainability of the practice was the connection with a former USSR citizen named Frumson, who had earlier emigrated to the FRG and subsequently returned on a tourist visa, smuggling in three high-rate diamonds on his way. Another émigré was instrumental in making this OPK operational. The delinquent’s last name was Raizberg. He was based in New York, which helped the group to convert thousands of rubles into US dollars (“in the ratio of e.g. 2,000 dollars: 7,000 rubles”). Ultimately, seven Soviet citizens were sentenced to between six and eleven years in prison. Their property was confiscated.\footnote{RGAE, Fond 413, Opis 32, Delo 484, l. 22-24, Biuluten' Operativnoi Informatsii, 1 (22), Mart 1979 goda.}

In 1978, the 1966 regulation concerning the inter-ship resale of foreign-purchased goods between Soviet cruise captains [mentioned in the introduction] was suspended by the 
amozhnias in Odessa, Leningrad and Riga. The official explanation: “the lack of [relevant] normative acts” in their books.\footnote{RGAE, Fond 412, Opis 32, Delo, 481, l. 23, November 1978, SM-28/4399, l. 23, Pismo do Zamiestitelia Ministra Vneshnei Torgovli SSSR, tovarisha Kuzmina, M. R.} That formulaic statement was merely an excuse for not stating the fact that the international business of 
moriaki zagranplavaniia [overseas-bound sailors] abused the window of opportunity to deal in imported merchandise, on a scale that began to be perceived as unacceptable. In 1978, the 
Prikaz [decree] no 917 was issued by the MinMorFlot for the Baltic Shipping administration [Baltiiskoe Parokhodstvo]. Its title was: “On strengthening the fight against
violating [trespassing] the access [propuskovii] regime and theft of socialist property on/from the units of the Parokhodstvo.” In accordance with the decrees 79 (1973), 603 (1975) and 404 (1978) of the MinMorFlot, the level of control over the cargo transported by sea and river vessels was to be increased. Despite all those new measures, the phenomena in question did not cease, to the contrary. In 1977 alone, 1,016 employees of the Baltic Parokhodstvo were penalized for various disciplinary violations, including 190 cases of alcohol consumption or smuggling on duty. 560 individuals were arrested for cargo theft, 456 in Leningrad alone, 453 individuals lost their port access [propusk] privileges. The phenomenon of sharing the professional port-grounds or vessel propusk with unauthorized individuals was widespread.\(^{358}\)

By 1979, the intrinsic trade-off between security and efficiency of the foreign trade flow came to a head in the aftermath of the so-called Okean scandal, also known as the rybnoe delo, the fishy case. The competence and power conflict in the triangle MVD-KGB-foreign trade/maritime ministries, and between Yuri Andropov (head of the KGB) and Nikolai Shchelokov (head of the MVD) personally, could no longer be swept under the carpet. What followed was the dismissal of the minister of MinRybKhoz, Aleksandr Ishkov and the execution of his deputy, Vladimir Rytov (alias: botsman, boatswain). In essence, the MinRybKhoz [Fisheries] and MinMorFlot [Merchant Fleet] both argued that there was too much administrative oversight, which created bottlenecks in the foreign trade sector, whereas the KGB and related services argued that insufficient oversight led to state-threatening levels of corruption and profiteering. The multitude of overlapping regulations and the blurriness of competence divisions had always been there, but both grew after

\(^{358}\) State Archive of Kaliningrad Oblast (GAKO), Fond R-17, Opis 1, Delo 737, l. 36, Prikazy nach. Balt. Par. 1978, Prikaz No 918, 15.08.78, MinMorFlot, Ob usilenii borby z narushiteliami propuskovo rezhima i khisheniiami sotsialisticheskoi sobstvennosti na obektakh parokhodstva.
the liberalization of the 1960s. Metaphorically put, in the old days, the KGB had the last word, but in the late Brezhnev period, the MVD often *kryshevalo* [established a protection racket] over the profit-oriented activities of the *MinRybHoz* and the *MinMorFlot*, as Andropov’s investigations were to demonstrate in 1983.359

Another heading under which that case was known was the Great Caviar Scandal. About two hundred officials in the Fisheries Ministry packed fine black caviar into tins labelled as smoked herring, and then exported them to the West. Alternatively, the tins were delivered to the better restaurants in Sochi and other seaside resorts. The contents of the tins were re-sold as caviar and the difference in price between herring and caviar was pocketed by the syndicate. Vladimir Rytov was put in front of a firing squad, although his role was not that of a mastermind. He simply received a generous tribute from the syndicate, paid into a Western bank account. Because of pressure from Sochi residents, the chairman of the local council, Viacheslav Voronkov, was arrested – he had received bribes from the local restaurants – and was jailed for thirteen years. “But the normal powers of protection operated for the Party Chief of the Krasnodar region, Sergei Medanov, who, though fully in the know, was not prosecuted. He was rumored to be a good friend of Yuri Brezhnev, son of the Soviet leader, and a deputy minister of foreign trade,” wrote one the most knowledgeable Western expert on the economic underworld in communist countries, journalist Roger Boyes.360


360 Roger Boyes, *The hard road to market…*, 266-267.
As soon as it became clear that the caviar profits were being channeled into foreign bank accounts, the KGB pulled the case away from the regular police fraud specialists (who worked for the MVD), and set up a special investigation team which reported personally to Yuri Andropov. And it was the KGB that was to wield the big broom when Andropov decided to clean out the Ministry of Interior, and the organs of police and justice managed from there. Friction between the Interior Ministry, the MVD, and the KGB had been increasing toward the end of Brezhnev’s life. In the autumn of 1982, the MVD and the KGB were repeatedly at odds about who should handle a number of high-profile cases of economic crime. This was an institutional struggle, but with a political edge: “the Interior Minister, Nikolai Shchelokov, was protecting friends and some members of the extended Brezhnev family, while the KGB, determined to oil the Kremlin succession, wanted to push hard against corrupt regional Party mafias.” As soon as Brezhnev died, the MVD was put on the defensive. Andropov’s first personnel change was to sack Shchelokov, who was expelled from the Party and ultimately committed suicide. “But this was more than a Kremlin game: there was considerable public unease about crime rates, about gang warfare in the urban housing estates, about the corruption of shop managers which seemed directly linked to consumer shortages, about the flashy lifestyles of black marketeers and their political cronies.”

All Soviet leaders since Stalin had maintained some form of checks and balances between the three agencies of legal oversight and execution: the police (MVD), the Procuracy and the KGB. The KGB was not technically in charge of corruption cases, and certainly not before 1965. Its range of competence included the monitoring of all cases involving foreigners, active espionage abroad and counter-espionage at home, dealing with the national minorities, all major state crimes

361 Ibid., 274.
including treason and sabotage, the suppression of political dissidents and offences involving senior Party officials. The December 1965 decree specified that in certain offences, such as currency speculation where the links between foreign and domestic security were sometimes too intricate to be neatly separated, the agency that had opened the investigation should also pursue it to its conclusion. That gave the KGB the power to move from the strictly political into economic crime. Gradually, they began to argue that economic crime had reached such a scale that it threatened the political realm and, because it often involved foreign liaisons, that it spilled out of the MVD’s competence of purely domestic affairs, and thus had to be policed by the Committee.362

Beyond corruption revealed by the Okean scandal and the succession struggle at the top, multiple legal inconsistencies and contradictory regulations plagued the daily routine of the most underappreciated functionaries of all: rank-and-file customs officers. To give the plainest of examples, it was illegal, according to a regulation issued by the MinMorFlot, for sea-going crews to consume alcoholic beverages on board. A more self-evident example of a legal dead letter could hardly be found. At the same time, “customs officers [were] instructed that each sailor is permitted to take up to two bottles of vodka onboard” in some of the Union’s Republics, including the Baltics.363 The customs officers did have the legal prerogative to regulate this issue, but it happened to be in conflict with internal regulations of the semi-autonomous Republican fleets, and with the so-called executive [predstavitel'ski] ratios of the kommandnyi sostav, commanding echelons [officers]. In the Latvian SSR, for example, the chief of the Ventspils tamozhnia, upon trying to formally confiscate some of the alcohol being carried onboard, received the following reply from

362 Ibid., 275-279.

363 RGAE, Fond 413, Opis 32, Delo 2639, l. 14
the captain: “if you go on acting this way, officer, you will achieve nothing.” According to the ministerial decree, no alcohol was allowed, but the customs officials allowed some carry-on alcohol (one liter per person) to pass through, in order to avoid conflict with the captains, to focus on *krupnaia kontrabanda* instead, and to pacify the Republican fleet management. “We, the customs officials, end up being ignorant about how much alcohol is actually allowed [...] Everything ends up being decided ad hoc.”

In the 1970s, Ventspils was the second largest maritime oil terminal of the Soviet Union (after Novorossiysk), through which a considerable part of Soviet oil export exited the country, especially to those destinations with which no pipeline connection had been established yet.365 The frustration of the chief of the Ventspils *tamozhnia* becomes more comprehensible if one considers that, during the entire period between January 1979 and August 1982, his post was not equipped with a single vehicle to keep the officers mobile across the extensive port grounds. “Obviously, this has influenced negatively [...] the operative transfer capacity of our squads from one part of the port to another.” The condition of office furniture was in “utter disrepair” and the only reason why it had not been thrown out was that there would have been “nothing to [sit or] write on otherwise.”366 Due to the high hopes associated with the advertised effectiveness of the TSK [Technical Means of Control], many *tamozhnias* were now simply undermanned. By 1980, it became clear that the TSK had their own limitations. The x-rays were actually considered useless

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364 RGAE, Fond 413, Opis 32, Delo 2639, l. 147


366 RGAE, Fond 413, Opis 32, Delo 1908, l. 19, Otchet Ventspilsskoi tamozhnii po osnovoi deiatel'nosti za 1981 god.
for anything other than carry-on luggage screening, or so argued the more seasoned tamozhenniki. In 1980, out of 28,464 interceptions, 6,598 happened also thanks to the TSK (providing 7.8 out of 17 million rubles confiscated). It was a significant help, but still – years of professional experience and the “psychological factor” remained irreplaceable.367 In general, the distribution of human and technical resources was highly selective and arbitrary. For example, in the late 1970s, Tallinn received thirty-two new employees just because of the upcoming Olympics (1980), other border posts did not receive, some actually lost, personnel. This hand-picking had eventually created weakly-manned loopholes, quickly spotted by the traffickers.

The real detection rate was estimated to be in the single digits, the GTU admitted. While no exact figure could be determined, the generally negative trend was hard to reverse. The customs search squads preferred to rely on routine procedures, which often led to numerous disclosures of ‘petty’ amounts of contraband, which in turn helped to pacify the bureaucratic overseers, but did little to combat the OPKs. That organized crime was very much present in the Baltic was confirmed by the fact that the GTU issued two special reminders in their Bulletins of Operative Information (August 1976 and August 1978), in response to two major cases of Baltic dockworkers using their own service vessels to help the sailors in trafficking.368 Another fact, and something that was universally true across the communist-controlled Baltic region, was that the most significant interceptions happened only after ‘operative information’ had been received from the KGB or related organs, and virtually never upon routine customs clearances. Customs officials, therefore,

367 RGAE, Fond 413, Opis 32, Delo 2639, l. 96.

368 RGAE, Fond 413, Opis 32, Delo 1985, l. 54, O merakh po usileniu bor'by s kontrabandoi v krupnykh razmerakh i ideologicheskii vrednykh materialov.
had to find an uneasy middle ground. On the one hand, they were rebuked if the number of exposed contraband cases fell. If the statistic grew numerically but not in value, they were accused of a “formalistic” approach to their duties. Secondly, a permanent conflict over jurisdiction range between the various policing bodies was always at play in the background. The GTU accused the Baltic tamozhniias of not relying on KGB’s “operative information” often enough, while the tamozhniias blamed the KGB for unjustified interference and lack of understanding for the specificity of their job. Two related, seemingly prosaic yet hugely consequential, problems were the unwillingness of the rank-and-file to learn foreign languages as well as the plague of alcohol consumption on duty. To further complicate things, the tamozhniias were accused of “artificially increasing” the value of the contraband intercepted by means of relying not on the official prices, but on “the prices of the so called ‘black market,’” which is illustrative of the difficult waters they had to navigate between the Scylla of bureaucratic formalism and the Charybdis of livable pragmatism.

The customs administration was never on their own in their struggle against traffickers. It was (more or less helpfully) assisted by the KGB, but also by the GU BHSS, Glavnoe Upravlenie po Bor’be s Khishheniiami Sotsialisticheskoi Sobstvennosti. The GU BHSS, the Main Administration to Combat the Theft of Socialist Property, was a special weapon in the MVD’s arsenal. The main task of that much-feared institution was “prevention and disclosure of the most pernicious, concealed economic crimes such as theft, graft, speculation, violations of currency operations, profiteering [...] and many other [similar crimes].” Its chief in 1982, V. A. Tiumend,

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370 RGAE, Fond 413, Opis 32, Delo 1177, l. 140, GTU MVT, Prikaz s 31 Dekabria 1980, g. Moskva, no 263.
was far from pleased by the fact that, despite the increased severity and vigilance, the number and value of violations registered by the department had been “constantly on the rise in the late 1970s.” In the first half of 1982, the number of hard currency crimes increased by over 300 percent in comparison with the first half of 1981. “It is not a secret,” he argued at a meeting with other senior Soviet officials, that “the collusion of thieves, dealers, grafters [vzialochniki], hard-currency speculators with the workers of the domestic and foreign trade sectors has been widespread recently.” He was referring to the Great Caviar and related scandals. The director complained that the “operational situation had become more complicated” recently as the Soviet economy kept growing while the amount of institutional support from the center had plateaued. In consequence, one BHSS inspector was tasked with monitoring “on average more than 150 units of the national economy.”

The GU BHSS was not directly responsible for targeting contraband and related trafficking offenses. However, contraband was to “a large degree the gateway step,” in the words of Tiumend, that had to occur first for the kinds of economic crime such as currency speculation to become possible. Without tackling the trans-border trafficking first, the department was tilting at windmills. As of 1979, 56 percent cases of contraband “were committed in conjunction with speculation and violation of hard currency regulations.” Without the international connection, there would have been no supply, without supply there would have been no demand. “That is why we have to,” the GTU agreed with the BHSS, “strengthen the cooperation between the [internal]


372 RGAE, Fond 413, Opis 32, Delo 2639, l. 27.

373 RGAE, Fond 413, Opis 32, Delo 484, l. 9, Biulleten' Operativnoi Informatsii, 1 (22), mart 1979 goda, l. 22-24.
organs – the MVD, KGB, border guards, [and we have to proceed] from speculators to contrabandists, and from contrabandists back to speculators.”

The KGB’s job was to deliver any kinds of hints that could help other institutions to identify and intersect the incoming or planned trafficking schemes. The crucial factor upon the reception of such information was the timing of an intervention performed by the customs officers. If the suspect crew learned too early that a thorough customs inspection was awaiting them, they had more than enough time and opportunities to get rid of the goods or, in the worst case, to declare at least some of them. Consequently, “the uncovering of contraband was very complicated, because the news of a team of customs officers entering the port spreads around very fast.” It was vital, therefore, to inform the captain of the inspection “right at the moment of the mooring of the ship at berth.” Another reason for the crucial importance of timing was that no crew member could be trusted entirely. Krugovaia poruka, group solidarity among the crews was a fact of life. It was especially prevalent in the Baltic Republics, where the lines of division between the overseers and the overseen often overlapped with ethnic categories. Krugovaia poruka was just one among many similar examples of an interest-driven ‘groupthink’ gaining the upper hand over the professed egalitarianism of the (self-proclaimed) post-class communist society.

In February 1980, a longshoreman servicing the US ship Thomas Jefferson, anchored in Leningrad, was intercepted carrying out American jeans. The additional search onboard yielded

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374 RGAE, Fond 413, Opis 32, Delo 2639, l. 181.
375 RGAE, Fond 413, Opis 32, Delo 2639, l. 39.
thirty-five stolen religious artifacts, mostly icons, worth 5,600 rubles. As the **tamozhenniki** were quick to notice, most of the **sdelki** with foreign sailors took place directly onboard or in the ship’s immediate vicinity. Afterwards, the goods and currency were often carried out through the newly organized bypasses that avoided the **prokhodnaia**, the checkpoint. This complaint was a typical example of one surveillance body (customs) blaming another (port administration) for the other’s inability to eradicate the ‘negative phenomena’ basking in broad daylight. Analogously, on the higher ministerial level, the Soviet state, beyond its totalitarian facade, was more of an oligopoly of numerous more or less institutionalized interest groups, with different organs issuing often contradictory and overlapping regulations, and one blaming the other for **provally** - failures.

In general, the policing organs divided the influence of contraband on Soviet reality into three categories: economics (‘state monopoly on foreign trade, currency and credit systems’), politics (state security) and ideology (societal cohesion). The state monopoly on foreign trade was not to be trifled with. The nominal (if not practical) significance of the customs administration, the institution that “for the past sixty years has been guarding it non-stop, day and night” could hardly be overstated. After Khrushchev’s intervention in 1961, a Soviet citizen could be shot for daring to probe that monopoly. Nevertheless, the KGB insisted that it was not so much the contraband itself that was a threat, but rather its usage for the sake of “intelligence as well as ideological diversion work” by foreign secret services. “Persons leaving the USSR are helped in carrying out their illegal currency operations by the representatives of kapstrany [capitalist countries]. [...]
Persons involved in trafficking and other violations are meticulously studied and recruited by foreign secret services. This is confirmed by facts,"³⁸⁰ warned the deputy chief of the KGB E. I. Shirkovskii at a high executive council in 1981. In the era of modern intelligence warfare, he said two years later, with its supercomputers and satellites, “the most potentially dangerous [for our state] is still the act of personal recruitment among the professionally active Soviet officials. The secret services are looking for compromised persons. Earlier, it used to be the so-called dissidents, now - the morally weak [moral’no-neustoičivye], self-interested, egoists, prone to drink and indecent entertainment. [...] Legal channels such as the BBC or the Voice of America have not been forgotten, but the main emphasis is now on creating a [criminal] Soviet underground and supporting it with illicit methods of struggle.”³⁸¹ This statement was an example of the KGB trying to use the ideological deus ex machina to revive its fading power, the last word they were so accustomed to wielding. By the late 1970s, the influence of commercial incentives, represented by the foreign trade and maritime ministries, already had the power to challenge the unassailable.

What was even more alarming for the KGB was the fact that the customs administration was prone to ignoring Lubyanka’s good advice, including the special orientirovki [individual, customized intelligence files] that the Committee was laboriously preparing to help the customs service keep their eyes wide open.³⁸² This was especially relevant since some of the largest contraband operations under late Brezhnev, according to the GTU, were organized with support

³⁸⁰ RGAE, Fond 413, Opis 32, Delo 480, l. 42, Dokumenty Vsesoiuznogo soveshchaniya nachal'nikov tamozhen (1979), tom 2.

³⁸¹ RGAE, Fond 413, Opis 32, Delo 1894, l. 32-34, Dokumenty Vsesoiuznogo Soveshchaniya-nachal'nikov tamozhen, protokol - vsesoiuznogo soveshchaniya-seminara nachal'nikov tamozhen (13-17 aprelya 1981 goda, gorod Moskva).

³⁸² RGAE, Fond 413, Opis 32, Delo 2639, l. 176.
of foreign secret services, “and unfortunately, with the assistance of [our own] customs officials.” A contraband load worth 200,000 rubles was overlooked by the Leningrad Pulkovo airport, despite prior hints from the KGB, which must have enraged many in Moscow. Airport traffic was a particularly sensitive “operative sector” because it was the main channel used by diplomats. As remarked by the chief of the Pulkovo airport customs office, oversight over diplomats was often the weakest link in the system, both because of international legal regulations guaranteeing their immunity, and because of the unpredictable political ebbs and flows, with frequent changes of who was considered a friend and who was not. In the late 1970s, the KGB registered the existence of “a steady contraband channel” organized by “the diplomats of developing countries, [...] but not only developing.” Additionally, more than half of the US diplomats worldwide, according to the deputy head of the KGB, were “in one way or another working for the CIA and related secret services” in the early 1980s. True or not, this renewed suspicion of Leningrad certainly echoed the reserve with which many siloviki in Moscow approached that city at least since the Kirov murder in 1934.

5.2. Sailor-Spies in the Far and Near Abroad

“During the organization and execution of counterintelligence work on the channel of Soviet foreign shipping,” the KGB reported in 1986, “we relied on the experience and information of our Polish colleagues. The data received from them demonstrates that the secret services of the

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383 RGAE, Fond 413, Opis 32, Delo 2639, l. 181.
384 RGAE, Fond 413, Opis 32, Delo 2639, l. 158.
385 RGAE, Fond 413, Opis 32, Delo 480, l. 42.
386 KGB Vilnius (LYA), K-18, Op. 1, Delo 343, l. 10-12, Spravka po moriakam....
opponent, and particularly of the FRG, have intensified their hostile activity on the maritime channel, targeting the USSR and other socialist countries.” According to the Polish colleagues, Hamburg, Cologne, Amsterdam, Rotterdam and London were the headquarters of foreign intelligence efforts on the maritime front. What surprised the authors of that report was that, given this tense situation, a Polish sailor, when visiting a foreign port, was allowed to leave the ship alone [v odinochestvennom poriadke], which seemed like (needlessly) asking for trouble. The correspondence between the two security services shows that both agreed in their observation that the Polish Baltic Coast was used by the West German BND as an experimental kind of a field for their intelligence warfare on the maritime front. In other words, the BND began perfecting their operational model with the ports that had been German before the war, that is – where conditions were both more familiar and less restrictive than in the Soviet ports. Since the BND was so fond of having its agents masquerading as sailors, the experience of the Polish counterintelligence – described in Chapter I, was considered as quite helpful by the Soviets. The only country that could rival the intensity and ingenuity of the West German operations in the Baltic, according to both Polish and Soviet intelligence, was Sweden.387

This tradition of cooperation between the Soviet Bloc counterintelligence services dated back to the immediate postwar years. KGB records indicate that the Polish Stalinist Urząd Bezpieczeństwa (later renamed Służba Bezpieczeństwa) shared their intelligence information about the British (SIS) and CIA maritime intelligence units that they identified in Hamburg in the early 1950s. The hotspot for interrogation and recruitment of the Soviet Bloc sailors at the time was the

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387 LYA, Fond K-1, Op. 46, Delo 962, l. 11, Spravka ob elementach operativnoi obstanovki i zagruzke operativnovo sostava vo 2, 4 i 12 otdeleniakh OKGB Lit SSR po g. Klaipede i LMB, Document from March 7, 1986, signed by Deputy Director of IV Department of the Lithuanian KGB, A. K. Gribauskas.
San Lorenzo restaurant in the St. Pauli port district. It was frequented by Polish and other Eastern European emigres who found themselves in the West after the war. Hamburg’s BND cell employed a few dozen agents from that milieu in the early 1950s, including numerous Baltic Germans. Some of them apparently worked for Radio Free Europe simultaneously.388

If KGB agents came in contact with individuals suspected of working for the BND, they detailed those encounters in reports forwarded first to their Baltic base, and then to Moscow. Besides refugees of Slavic descent who fell into that registry, the unit also employed bilingual Baltic Germans. A prominent example of the latter was Eduard Grant, who worked as a ship chandler in a Kiel-based company Christensen Samsøe, which serviced Soviet vessels anchored at the port. Grant’s father was a landowner in pre-revolutionary Russian Latvia. Grant, whose Russian was flawless, was a resident of Riga who finished his education in Petersburg in 1917. After the revolution, he and his family emigrated to Germany. It was for that country that he served as a naval officer during World War II. Grant’s base salary in Kiel was 1,000 DMs per month, an imaginable sum for most Soviet deck-hands, who were mightily impressed by his “splendid lifestyle” that he generously displayed in front of them. According to the KGB counterintelligence officer who informed his superiors about Grant, he probably reported back to the British intelligence, not the Germans. Grant was perceived as a potent opponent, both because he spoke

Russian and because he knew the Baltic realities firsthand, and allegedly maintained a large network of old connections there.\textsuperscript{389}

Due to wartime destruction and the general lack of sufficient domestic capacity, Soviet foreign trade fleets were forced to rely on West German companies to build, service and repair their ships. Kiel was a convenient destination in the early 1950s due to its proximity to the friendly bases in East Germany. The city and the nearby Kiel Canal, especially the Holtenau lock guarding the eastern terminus of the Canal, were already then considered to be one the “centers of West German intelligence” on the maritime front. If Soviet crews had to stay in the city for a few nights or occasionally – for a few weeks, they were placed into hotels such as the portside Conti-Hansa Hotel. The Soviet sailors were aware that their every move was likely to be followed. They wrote back complaining that their personal belongings were subject to search when they were left unattended in their hotel rooms. They were also surprised to meet so many former residents of the USSR or Eastern Europe crossing their paths in all the major north German ports. Some of them could boast credentials dating back to the first wave of white emigration in the 1920s, but the most common encounters were with the Baltic Germans, who usually resettled either during the \textit{Heim ins Reich} drive or in the last months of the war. A single KGB report, for instance, listed twenty-five residents of Kiel who were suspected of working for the Western intelligence.\textsuperscript{390}

\textsuperscript{389} LYA, Fond K-28, Op. 1, Delo 76, l. 89, Vypiska iz otchiota operrabotnika nakhodivshegosia w spetskomandirovke w portu Kil s 7 Maja do 9 liunia 1954 goda.

\textsuperscript{390} LYA, Fond K-28, Op. 1, Delo 76, l. 238-250, Spravka po materialakh na inostrantsev w portakh zapadnoi Germanii zasluzhivaemykh vnimania organov Komiteta Gosbezopastnosti pri Sovete Ministrov SSSR.
The ports of Bremen, Antwerp, Oxelösund and Las Palmas were notorious in the KGB’s radar for their numerous and price-competitive ‘stores for sailors.’ The Committee registered growing trends “of implicating Soviet sailors in hard currency and contraband deals” in those establishments, “the [usual] method of attracting the volatile crewmembers to cooperate or induce them to flee from the fatherland.”

The directive to combat those negative trends was entitled: *The Plan for Basic Operative Measures of the KGB USSR against Subversive Activity of the Opponent Conducted from the Position of Private Stores in Capitalist and Developing Countries.*

In a case typical for this operation, KGB informers located a Polish Jew named Ilia Efimovich working in Stockholm, whom they wanted to see compromised because he allegedly worked for foreign secret services and “was connected to the Zionist organization NTS,” the National Alliance of Russian Solidarists, an old white-émigré organization.

The reportedly CIA-run store in Antwerp named *Dacha* became the main scapegoat for luring Soviet seamen into contraband deals and other undesirable activity, which could eventually push them to the precipice of *izmena rodine*, betrayal of the motherland. The *kommandnyi sostav* [commanding echelon] of vessels bound for Kiel, Bremen and Hamburg was heavily screened. The Soviet officers who frequented those ports were subject to a special *proverka* [verification] when they returned home.

To little effect, as they kept on being “seduced into extra-professional contacts, contraband deals,

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391 LYA, Fond K-1, Op. 46, Delo 962, l. 10-12, Spravka po moria…


393 LYA, Fond K-1, Op. 46, Delo 965, Liternoye Delo No 1332, l. 32, IV Upravlenie KGB SSSR, 11 August 1986, No 135/2-1984; Deputy Director of Lit SSR KBG, Wajgaukas G.K, O planakh kontrazvedovatelnykh meropriiatii po portam Gamburg (FRG) i Rotterdam (Gollandia).
given valuable gifts from representatives of the German agenturnye (cover) companies such as the Howaldtswerke or Zerssen.”

The main source of the sustainability behind all those Western subversive actions in port cities was the constant inflow of fugitive Soviet sailors and other migrants out of the Soviet Union, legal and illegal. In 1973 and 1974, the Soviet authorities registered 115 cases of Soviet sailors deserting ship abroad. The counterintelligence shield of the USSR was secured jointly by the KGB, border troops and customs administration. “Operations conducted together with the territorial organs (pogranichniki) and the GTU, by chekist methods, including the utilization of operative possibilities on foreign-going ships, allowed to expose, during the last four years, thirteen recruitment efforts of Soviet sailors in the ports of the USA, Canada, Australia and other capitalist nations […].” All the thirteen sailors approached by Western agents abroad had engaged in some kind of compromising activity prior to the event, usually trafficking offenses, but they could have also “shared dissident views” or exhibited excessive “desire for material enrichment.” An “atmosphere of dirty anti-Soviet-ness,” in the eyes of the KGB, was cooked up in the US after the botched escape attempt of the Lithuanian officer Simas Kudirka from the ship Soviet Lithuania, anchored in American waters off Martha’s Vineyard. Kudirka jumped off his ship and swam to the nearest American vessel. Due to an unfortunate combination of coincidences, the Lithuanian sailor was ultimately returned to his mother ship by the American captain. Eventually, his case

394 LYA, Fond K-1, Op. 46, Delo 962, I. 10-12, Spravka po moryakam…

made it into the US Senate and Hollywood. It also stirred a series of changes in the US legal framework regulating the procedures in the event of a foreign defection at sea.396

The CIA tried to recruit Soviet sailors not only in the American territorial waters, but also in West Germany, Japan, Spain, Lebanon, Morocco and other allied nations, or so held the KGB. In 1971, the Agency sent out a detailed questionnaire to fifty allies, which then served as a blueprint for gathering data about Soviet citizens. It formed “a scientific basis,” the KGB believed, “for future intelligence work on Soviet citizens.” Western Europe was a particularly intensive arena of “recruitment work on Soviet sailors of the enemy’s secret service, particularly in West Germany and other NATO countries, with the CIA, SIS and other intelligence agencies cooperating closely.” In Antwerp, “the secret services of Israel, Belgium and USA recruited Soviet sailors on Klapdorp and Falconplein streets.” Forms of cooperation between the BND and the CIA in Hamburg, Kiel and Bremen had many guises. They included both the private and public sector: the Hamburg brokerage company Petromar, the Montana clothing store, retail companies such as Moskovitz and Franteks, but also border and emigration control checkpoints. According to the KGB, and perhaps reflecting their own default stance, contraband violations were actually encouraged, if not instigated, by those institutions, in order to be subsequently used as a hook to force sailors to play more advanced spy games.397

396 LYA, Fond K-1, Op. 46, Delo 962, l. 19, Spravka po materialam Pervovo i Vtorovo glavných upravlenii Komiteta Gosbezopastnosti ob. ustremleniiaxh, formach i metodach podryvnoi deiatelnosti spetsseluzhb imperialistichekikh gosudarstv protiv SSSR po morskomu kanalu, Director of II Department, Division T of the II Main Department (Glavnovo Upravlenya) Arkhipov, Egz No 18, 8 August 1975, KN 2/1 3254.

5.3. Zastoi and Decadence at Home

Subversive activity of the enemy overseas was a problem, but it was a distant one. Rampant corruption at home was a cause for concern of more immediate order. An investigation run by the GTU in the late 1970s revealed that 20 percent of the surveyed tamozhnias were in some way implicated in bribery. Two of the Baltic tamozhnias, Leningrad and Riga, were singled out among the six worst of offenders. “[H]ow many cases of bribery have not been revealed - cannot be determined,” a GTU official honestly admitted. “Comrades, the current situation, when bribes are being regularly received from the persons subject to search, should alert us. The management of tamozhnias, party and trade unions [profsoiuzy] should wage a determined war against this dangerous phenomenon. [...] Particularly alarming is the state of discipline among the leaders of the operational shifts [i.e. the search squads].” Fourteen senior customs inspectors were fired due to disciplinary violations, including several from Riga, Ventspils and Leningrad. In 1980, twenty-three rank-and-file customs officers in Pribaltika were fired for “blatant violations of professional discipline,” twelve for bribery. Another problematic nexus was the security of the confiscated contraband goods, which often disappeared already after they had been confiscated.398

The problem run deeper than the fiscal losses, the weakened grip on the state monopoly of foreign trade or the CIA. “By establishing a connection with citizens of capitalist countries in order to purchase foreign currency,” the delinquent eventually “got infected with capitalist ideology and embarked upon an anti-Soviet path. [...] The enrichment of valiutchiki thanks to the illegal

currency deals exerts a decomposing influence on the volatile [neustoichivye] members of society, providing an opportunity to drag them into crime, seducing [with the prospect] of easy profit.” According to the KGB officer who uttered those words at an internal council of executives, foreign currency speculation in the USSR did not exist until Khrushchev came to power. It was the development of international tourism, especially with the capitalist countries, that began to “inflict serious harm to the interest of the Soviet society.”\(^{399}\)

Despite some problems outlined above, the dawn of the 1980s did witness the Soviet state seriously flexing its still very potent muscle for another round of the old struggle with all kinds of illicit economic activity, this time with emphasis on contraband and other cross-border trafficking violations, with Yuri Andropov at the helm. There were more than sufficient grounds for this move away from Brezhnev’s permissiveness. According to the GTU, the value of all contraband confiscated in 1980 grew by 40 percent in relation with the preceding year and reached a record sum of 17 million rubles.\(^{400}\) In 1970, it was 3.6 million, in 1974 - 4.2 million rubles, 1978 - 11.6 million rubles. Over the second half of the 1970s, the average value of a single contraband interception grew from 212 to 546 rubles, i.e. approx. five average monthly salaries in the state sector. In 1980, the total number of contraband investigations [dela po kontrabandie] grew to 26,464, from 24,851 in 1979. The total amount of extra-plan [vneplanovye] confiscations by all-Union tamozhnyas grew from 18.9 million rubles in 1974 to 45 million rubles in 1978.\(^{401}\)

\(^{399}\) RGAE, Fond 413, Opis 32, Delo 2639, l. 27-28.

\(^{400}\) RGAE, Fond 413, Opis 32, Delo 1985, l. 45.

\(^{401}\) RGAE, Fond 413, Opis 32, Delo 484, l. 36, Biulleten' Operativnoy Informatsii, No 2 (23), June 1979.
The level of alarm was growing steadily in the 1970s as the GTU, BHSS and related organs delivered their statistical evidence to Moscow. Not unlike Khrushchev in 1961, those organs were finally jolted into a new frenzy of action by a few spectacular violations. Odessa’s tamozhnia failed to stop an operation that led to an illicit outflow of art and jewelry to America, intercepting just a part of a shipment worth ca. 3.7 million rubles. The Sheremét’evo airport let go of narcotics allegedly worth 5 million, which travelled from the GDR to Iran and then back to West Germany, apparently passing through the country’s biggest airport twice. The Tallinn seaport let go of valuables worth 200,000 rubles in a single shipment. The Foreign Trade Ministry was forced to admit that their customs protection performance was now lagging not only behind the model GDR, but also behind Czechoslovakia, an unacceptable state of affairs.

There was another reason for the increased vigilance in 1980 - the Olympics. In many ways, it was at the All-Union Conferences of the Chiefs of Customs Offices that representatives from all the major Soviet policing organs met to discuss the causes behind the recent upswing in trafficking violations. Those conferences included top officials from the CC, GTU, GU BHSS, Sport Ministry, Foreign Trade Ministry, MVD, KGB, Ministry of Aviation and others. At one such meeting in April 1979, eighty-six high officials convened in Moscow. According to the deputy head of the KGB, E. I. Shirkovskii, who spoke at that congregation, “the preparation for the Olympics is a huge effort, but it cannot be considered separately from the larger operative situation pertaining to the war on contraband.” The recent customs liberalization had created a loophole through which a Soviet citizen who moved (without registration) up to 10,000 rubles in cash out

402 RGAE, Fond 413, Opis 32, Delo 2639, l. 209
403 RGAE, Fond 413, Opis 32, Delo 480, l. 48.
of the USSR, carried only “negligible responsibility” for such a violation. According to the KGB’s own data, “hundreds of millions of rubles where now kept abroad” in a liquid reserve, in anticipation of the massive demand upswing to be generated by the millions of people coming to the USSR to participate in or see the Olympics. The KGB was particularly appalled to register that “for a long time already, many foreign companies have been avoiding the WneshTorgBank [the Foreign Trade Bank]” to service their currency needs. “One wonders how it is possible for them [the foreigners] to get by. Namely, it is thanks to the Soviet currency purchased illegally here [on the black market], and thanks to the Soviet currency purchased at lower rates abroad, illegally smuggled back to our country.” It was at such pre-Olympics conferences that many Soviet officials, who were normally not in touch with the foreign trade or customs sectors of the economy, could perhaps begin to suspect that the fundamentals of the Soviet economy were seriously adrift.

The international dimensions of the politicization of the 1980 Olympics are well known. The KGB was fond of quoting prominent Western leaders (“Gerald Ford, Giscard d'Estaing”) to illustrate the significance of the Olympics: “sporting successes at large competitions raise the spirit of the nation, stir patriotism at least as strongly as military victories.” They also used the occasion to mobilize the chiefs of the customs service to work more effectively at intercepting any potential contraband associated with the logistical preparation for the Olympics, as well as the passenger traffic during the event. The logistical preparations were more problematic than it might seem at first glance. Some western companies were caught delivering various goods for Soviet officials “under cover of Olympic cooperation.” Daimler-Benz, for instance, delivered three automobiles to the Orgkomitet [organizational committee], upon the reception of which it turned out that many

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404 RGAE, Fond 413, Opis 32, Delo 480, l. 41, 42, 48.
“valuable pieces of equipment had disappeared” rendering the vehicles largely worthless. Such a situation “could not be tolerated” and the customs rank-and-file had to be motivated anew to do their job properly. In 1979 and 1980, 3.8 million rubles worth of hard currency and 660,000 transfer rubles were spent by the Soviet state to import 165 cutting-edge x-ray machines to equip the tamozhnias to intercept the contraband, that is – to intercept at least some of the very same hard currency that had just been spent, which was expected to start flowing back for the Olympics from all over the world soon.406

Due to Moscow’s distance from suitably large and windy bodies of water, Tallinn was chosen to host the maritime part of the 1980 Olympics, the regattas. “The preparation for the Olympic regattas was especially labor-intensive in Tallinn. [...] For the last four years, we have been experiencing increased psychological tension,” admitted the chief of Tallinn’s customs office.407 The preparations were particularly strenuous owing to the capital-intensive and complex nature of the equipment needed for the regattas, which meant extra screening efforts and potentially large sums of contraband involved. Other preparations included the construction of a 28-stories tall five-star hotel and a brand-new airport. World-class Polish renovators were invited to repair the crumbling facades of the medieval, Hanseatic old town. The US-led boycott did much to damage the prestige of the event, but Estonia’s Baltic neighbors attended nonetheless, as Finland, Sweden, Denmark did not participate in the boycott. Perhaps the most noticeable was the

405 RGAE, Fond 413, Opis 32, Delo 479, l. 57-58. Dokumenty (protokol, doklady, spravki) Vsesoyuznovo soveshechaniia nachal'nikov tamozhen, tom 1, 16-18 April 1979.

406 RGAE, Fond 413, Opis, 32, Delo 1985, l. 21, O polozhitelnom opytie raboty tamozhennykh uchrezhdenii v period XII Olimpiady i ego ispolzovanie w tamozhennom kontrole w sovremennykh usloviakh.

407 RGAE, Fond 413, Opis 32, Delo 1985, l. 110.
absence of the West German and Norwegian teams and fans, frequent guests in Tallinn otherwise.\textsuperscript{408}

5.4. The 1982 Tallinn Conference

The twenty sixth CPSU Congress in May 1982 dedicated an abundance of attention to the issues of contraband and speculation unseen since Khrushchev’s crusade of the early 1960s. One of the most comprehensive documents produced by that congress was ‘On Strengthening the Struggle against the Theft of Socialist Property, Bribery and Speculation.’ It became a harbinger and a blueprint for the forthcoming Andropov purge. Since it was generally recognized that ‘the cadres decide everything,’ the cadres were blamed for the growing troubles also in 1982. The Stalinist overtones of that congress were echoed by A. I. Matveev, the deputy director of the GTU. What had to be done, he admitted self-critically in front of senior MVD and KGB officials, was to “increase the efficiency of governance in all branches of the administration, increase the professional competence of officials, [...] wage a decisive war with indifference, lack of principles, bribery, speculation and other negative phenomena, while maintaining a strict adherence to socialist legality.”\textsuperscript{409}

Matveev’s statement was uttered on August 3, 1982. On that day, all the chiefs of the major customs control points from the Baltic and Arctic regions of the USSR came to Tallinn to discuss the alarming trends. Appropriately, they met in the brand new Pirita Olympic Sailing Center, right


\textsuperscript{409} RGAE, Fond 413, Opis 32, Delo 2639, l. 172.
where the Pirita river discharges its waters into the Gulf of Finland. They were accompanied by the director of GTU IU. H. Primerov as well as by other high dignitaries: the director of the anti-contraband department of the GTU V. K. Skrypnik, deputy director of the GTU, top party leaders from Estonia’s Central Committee, KGB officials and internal KGB prosecutors, pan-Union prosecutors, the Ministry of Fisheries, the Ministry of the Interior, the head of the KGB border troops in Estonia (OKPP PV KGB SSSR), chief of the Estonian KGB and other top officials, all eager to learn more how attentively the tamozhnias of Arkhangelsk, Ventspils, Vyborg, Kaliningrad, Klaipeda, Leningrad, Murmansk, Riga and Tallinn were listening to the Party’s recent recommendations.

In a manner reminiscent of the Stalinist days, the head of Tallinn’s Customs Office had received a letter the day before his arrival to the Pirita Center. The sender’s address on the envelope: The Prosecutor’s General Office, Moscow. A similar letter reached other Baltic and Arctic customs officers and informed them that from now on, their tamozhnias were under direct supervision of the Prosecutor, and no longer under the Ministry of Foreign Trade. A week earlier, a “massive inspection took place.” Both followed a series of special instructions issued in March on intensifying the war on contraband. Consequently, all the tamozhnias switched to “an enhanced labor regime, related to the upcoming profsoiuzy congress and the corresponding activation of our opponents in trafficking anti-Soviet literature and weapons.” Needless to say, the fact that “Reagan has declared a crusade against our and other socialist countries” was an additional factor not to be taken lightly. According to the KGB’s reported intercepts of CIA papers, two million pieces of
literature were being smuggled into the Soviet Union annually, according to the GTU data — 170,000 pieces were intercepted in 1981.\textsuperscript{410}

To open up the conference, the deputy director of the Estonian Maritime Shipping, A. R. Zakharov, fired with a heavy salvo of samokritika right away. “The state of discipline in the fleet is frightening. Particularly worrisome is the fact 43 percent of all disciplinary violations have been perpetrated by the kommandnyi sostav.” A hair-raising 54 percent of all cases of trafficking “ideologically pernicious” literature were perpetrated by the officers, and an astonishing 75 percent of all hard currency violations. Even the captain’s own lockbox was not immune to the contraband epidemic. What was also intolerable was the fact that the operative work performed to “secure the [correct] behavior” of the sailors and make sure they obeyed the relevant customs regulations was “no longer taken seriously.”\textsuperscript{411} As the local Lithuanian KGB confirmed, control over the behavior of Soviet sailors in foreign ports was “insufficient, […] the honorable name of a Soviet sailor is being discredited.” The surveillance work was admittedly easier in the Soviet Union, as “anyone wearing a foreign piece of clothing” immediately stood out from the crowd.\textsuperscript{412}

The fact that 54 percent of all contraband cases in Pribaltika implicated the officer echelon was also a concern for the GTU. “I would like to kindly request,” asked the deputy director of the GTU, “the representatives of the Ministries of RybKhoz and MorFlot [present here] to inform their respective ministers that such a situation will be tolerated no longer. If they do not undertake

\textsuperscript{410} RGAE, Fond 413, Opis 32, Delo 1985, l. 148, 178.

\textsuperscript{411} RGAE, Fond 413, Opis 32, Delo 2639, l. 9, 49.

\textsuperscript{412} LYA, Fond K-1, Opis 58, Kontrabandnoe Delo 47424/3, l. 159, 291.
appropriate measures, then the GTU will be forced to request assistance from other places. We have to liquidate it together. If we really want to fight contraband, first of all – we need to bring order back into the managing cadres [of the administration].” Furthermore, the lack of societal condemnation for traffickers made the work of the grassroots inspection groups, *obshestvennye dosmotrovyie grupy*, out of the question, but particularly on foreign-bound vessels, since it was clear that all the ranks participated in the practice with no exception. Consequently, all that could be relied on was the lone informer sailing undercover, but this method had its limits as well. “A golden mean” had to be found between collective responsibility and no responsibility. If “entire crews” were to be punished for *beskhoziainaia kontrabanda*, the owner-less contraband, [i.e. when the offender could not have been established] “soon, we will have no one to get the job done.” There simply were not enough qualified officers to replace the ones already implicated in the contraband business.413

Between January 1979 and December 1981, the Tallinn *tamozhnia* initiated 4,000 investigations pertaining to contraband, with their total value exceeding two million rubles. These numbers could be interpreted in two ways. Negatively - the incidence of violations was high. Positively - the relevant authorities were doing their job. The main problem, however, according to the deputy GTU director Matveev, was that the officers chose “the path of least resistance,” meaning that they continued penalizing ordinary sailors for small (*melkie*) violations, thence boosting the bureaucratic statistics, while organized crime flourished undisturbed. A representative case in point was a Yugoslav citizen Radlovic, who managed to “satisfy” the customs officers with 700 dollars in cash intercepted, which allowed him to traffic four guns and 250 units of ammunition

413 RGAE, Fond 413, Opis 32, Delo 2639, l. 182-183, 213.
into the USSR. The KGB also accused tamozhenniki of “being [overly] timid in front of VIP [mastnye] foreigners.”

Customs and border protection of Pribaltika had its own “unique operational characteristics,” in the words of the head of the Tallinn customs office, “that did not exist in any other region of the USSR.” In Pribaltika, Tallinn was the most exposed hub, he argued. It was located “in direct proximity of the highly-developed Western countries [and was thus] certainly not the least important target of imperialism.” As of 1982, at least sixty organizations, enterprises and institutes based in Tallinn participated in some form of cooperation with Scandinavia, Western and Central Europe. “Each day, the Estonian Society of Friendship with Foreign Countries greets 60-70 delegations from 30-35 countries.” Tallinn was visited by 360,000 foreign tourists annually, each staying four or five days on average. Given Tallinn’s population at the time (ca. 450,000), such volumes of traffic certainly had an immense influence on the everyday life of the Estonian capital, especially in the summer. Of the one hundred forty cities in the USSR open to international tourism, only four of them – Moscow, Kiev, Sochi and Leningrad – had more visitors, with only Moscow and Leningrad being visited by more ‘capitalist tourists,’ and none greeting more ‘capitalist tourists’ per capita than Tallinn. Among kapturisty, the neighboring Finns held a special place. It was the Finish connection that worried the GTU director Primerov the most, as “the strong links between many Finish and Soviet citizens” were used to smuggle “all kinds of ideological materials,” weakening the fabric of the Soviet society in result. Given this context, he was surprised to learn that it was a few Finish companies that had been awarded the contracts to construct the

414 RGAE, Fond 413, Opis 32, Delo 2639, l. 175, 177.

415 LYA, Fond K-18, Opis 1, Delo 33, l. 67.
New-Tallinn [Novo-Tallinskii] Merchant Port in 1982. The old port was no longer suitable to serve the growing volume of traffic, granted, but why were the Finns picked to do the job, he wondered.416

The perils of the Finish connection are well-illustrated by the case of a fishing boat named Shventoin. The ship, originally based in Klaipeda, was scheduled to undergo a six-month renovation in a Finish dock, sometime in the early 1980s. Such a long stay in a capitalist country combined with the possibility to restructure the ship’s internal compartments must have raised many an eyebrow. Even before an official control took place upon the ship’s return, “skillful psychological pressure” had been applied upon the ship’s captain (named Stasiukevich), following an information received from a smezhnaia organizatsiia [an affiliated institution], in all likelihood - a secret informer on the ship. Thanks to this operation, the captain ‘voluntarily’ admitted that the ship did contain well-hidden contraband, hence no prior search was necessary: radios, record players, cameras and other wares were all confiscated without a single officer entering the ship. “In the end, the captain alone was found smuggling items worth 9,000 rubles. For this kind of behavior, the captain was excluded from the party and demoted. I would have never thought that the customs officials could influence him [the captain] in such a subtle, professional way, so that he confessed and gave up all the goods voluntarily, certainly [mistakenly] thinking that his actions would go unpunished,” the GTU director added.417

416 RGAE, Fond 413, Opis 32, Delo 2639, l. 59-61, 208.
417 RGAE, Fond 413, Opis 32, Delo 2639, l. 107-108.
IU. S. Sokolov was the director of Tallinn’s OKPP (Oblastnye Kontrolno-Propuskovye-Punkty), the border checkpoints. True to the party line, he considered the capitalist countries across the other side of the Baltic to be a hotbed of “all kinds of emigrant, nationalist organizations, religious sects and other missionary institutes [sic] that published massive amounts of anti-Soviet literature.” Those materials were often simply thrown overboard onto the Soviet ships stationed in the Baltic ports on the other side. In the first half of 1982, 53 pieces of anti-Soviet literature were intercepted by the Tallinn border control units. How were the persons responsible for ideological contraband to be identified? Those were usually individuals who “did not initiate any contact with other passengers, did not drink, did not smoke, followed the border control procedure with agitation, their actions limited, hands shaking.” Twenty-three such individuals, all of them smuggling ‘ideologically hostile materials,’ were arrested in Tallinn in the first half of 1982.\textsuperscript{418}

The thirty-mile Tallinn-Helsinki daily ferry service was an unparalleled basket case, a fomenting source of trouble in a league of its own. This line, according to the Tallinn customs head, was particularly abused by unidentified “imperialist forces” due to its sheer logistical convenience. A representative arrival of the West German cruiser Georg Ots, travelling from Bremen to Tallinn through Helsinki in April 1982, included the following groups: Finish tourists, an organized American sightseeing group, a parliamentary delegation from Kiel, individual businessmen, relatives, immigrants, “a Finish religious sect,” a Latvian sports delegation, a delegation of the Soviet Academy of Sciences. This motley crew made it particularly difficult for the customs officials to control all the traffic effectively while assuring its smooth flow. Both outcomes were demanded by their superiors. In general, this situation gave birth to a perception \textsuperscript{418}RGAE, Fond 413, Opis 32, Delo 2639, l. 103
that the Helsinki connection was the main channel of ‘ideologically deleterious’ influence of the West on the entire Soviet territory.\textsuperscript{419}

In the late 1970s, the incidence of maritime customs violations in Tallinn had been on a constant rise: 1978 - 34 violations on 21 ships (15,000 rubles), 1979 - 53 on 36 ships (33,000 rubles), 1980 - 61 on 37 ships (55,000 rubles), and in the first half of 1981, 35 cases on 21 ships (34,000 rubles). Per usual, the so-called \textit{beskhoziainaia kontrabanda} [owner-less contraband] was the greatest concern, as it demonstrated insufficient infiltration of the ship by the KGB informers, and indicated the existence of \textit{krugovaia poruka}, crew solidarity. In response to those growing indicators, the Estonian Fleet servicemen were prohibited from taking personal bags or even wallets with them when they went ashore in foreign ports. To help prevent further violations, each ship had to establish a “volunteer crew commission” [\textit{obshchestvennaiia komissiia}] and inspect all personal luggage after the ship’s return to Tallinn. Maritime transport, by its nature, offered the most conducive conditions for \textit{beskhoziainaia kontrabanda} to develop, but the Baltic region had the worst ratio in the entire Soviet Union: 40 percent of all contraband intercepted remained ‘owner-less.’ “It is a frightening sign. [...] It encourages the contrabandists [to carry on and] to hide their contraband in ever more sophisticated ways,” complained the authorities.\textsuperscript{420}

In the Estonian SSR, this unfavorable situation was exacerbated by the vibrancy of the two main channels of incoming contraband: from Scandinavia and from North-Western Europe. The inbound channel from Scandinavia thrived on the following goods: jeans, polyethylene bags, silver

\textsuperscript{419} RGAE, Fond 413, Opis 32, Delo 2639, l. 73-75

\textsuperscript{420} RGAE, Fond 413, Opis 32, Delo 2639, l. 10, 18, 182.
necklaces and the “ideologically pernicious” materials. The outbound channel fed on black caviar, alcohol, cigarettes, antiques and art. Western Europe, outbound: fur, silver coins, art and Soviet currency. Inbound: carpets, jeans and car parts.\(^{421}\) These channels remained “stable” and “in operation for many years.” The five main ports servicing both channels stayed the same over the past few decades as well: Rotterdam, Antwerp, Hamburg, Bremen and Copenhagen. In the 1970s, they had been reinforced by Stockholm, Porto and in particular: Las Palmas and Santa Cruz on the Canary Islands, the two major bases of the very large Soviet fishing fleet. Outbound trafficking often occurred “under the guise of Beriozka [hard-currency store] products.”\(^ {422}\) The Estonian Merchant Fleet serviced many regular cruise lines, with Balt-Levant, Tallinn-Copenhagen, Tallinn-Oslo-Kiel and Tallinn-Stockholm among the major ones. On the last three of those, a ship could service up to five round trips per month, also thanks to the recently constructed Ro-Ro container terminals in the Baltic ports.

All of the Western ports mentioned above were serviced by “the numerous private stores specializing in supplying Soviet sailors. This was particularly true of Antwerp and Rotterdam. The owners of those stores [frequently] happen to be of Jewish nationality, they have [recently] abandoned the USSR.” The Dawitex of Antwerp was perhaps the most popular destination of this kind. The head of the Ventspils Customs Office, V. U. Bartashunas, also blamed the Jewish diaspora of the Low Countries for his tamožnia’s problems. Ustoichivye sviazi – permanent, stable connections between the Soviet sailors and the former Soviet citizens of Jewish nationality, were, in his opinion, the fundamental cause behind the intensity of trafficking in the Baltic region.

\(^{421}\) RGAE, Fond 413, Opis 32, Delo 2639, l. 63.

\(^{422}\) RGAE, Fond 413, Opis 32, Delo 2639, l. 203.
He also claimed to be in possession of information revealing the cooperation between those diasporas and foreign intelligence services. A representative voyage was organized as follows: the sale of Russian vodka in Rotterdam for Swedish crowns and D-Marks, which were then used to purchase Drachmas in Greece, then the acquisition of 180 square meters of synthetic fabric in Istanbul, the return journey to Tallinn, then a train trip to Armenia, where the fabric was sold for 30 rubles per meter. The total revenue for that particular operation reached 5,500 rubles.423

According to the KGB’s own estimates, Belgium and Netherlands housed “hundreds of the so-called maklaki,” illicit intermediaries or brokers. They specialized in keeping a detailed track of the schedule of Soviet vessels and of their “operational regime,” i.e. who kept watch and when.424 “The delivery of contraband usually happened under the cover of darkness, when the watch was performed by ‘your’ man.” Maklaki worked as street recruiters for the specialized maritime stores, where prices were “usually much lower than in regular stores.” Each store normally employed at least one person who knew Russian. Not infrequently, those shops had large signboards with the Russian tovary dlia moriakov [wares for sailors] greeting their customers.425

Illustrative of these kinds of phenomena is the case of a seaman who worked for the Lithuanian Maritime Shipping between May 1974 and February 1977. During the thirty-four months of service, he visited the following ports: Oxelösund, Luleo, Copenhagen, Rotterdam,

423 RGAE, Fond 413, Opis 32, Delo 2639, l. 65-66, 145.

424 LYA, Fond K-18, Opis 1, Delo 343, l. 33.

425 LYA, Fond K-1, Opis 58, Kontrabandnoe Delo 47733/3, l. 72. The KGB systematically gathered date on all foreign stores that services Soviet sailors, see: LYA, Fond K-18, Opis 2, Delo 769, for a complete catalog of salesmen and commercial establishments in Rotterdam.
Dordrecht, Antwerp, Bremen, Emden, Hamburg, Rostock, Szczecin, to mention just a few. “Together with my peers,” the sailor reported to the KGB, “we bought goods exclusively in the privately-owned stores, the owners of which spoke decent Russian. All the shop-owners were interested exclusively in business matters,” implying that they were not a worthy target for investigation for the KGB. The sailor had the chance to visit magaziny dlya moriakov in “Antwerp, Hamburg, Bremen, Rotterdam, Ruen, Dunkirk, Copenhagen, Oxelsund, Venice, Napoli, Athens, London, Montreal and elsewhere. […] Usually, there were at least one or two makliaki who knew Russian and one could therefore somehow come to terms with them.” Most of those shops displaying a tovary dlia moriakov sign offered “prices that were significantly lower [than in a regular store], on all kind of goods and items.”

While the Soviet customs administration kept extensive records of what items were likely to arrive from which port, or to be hidden in what kinds of compartments, updated those records and acted upon them, intercepting contraband was a truly Sisyphean effort as the ships got ever bigger and more complex, and hence the number of possible caches (tainiki) tended to infinity. The most difficult ships to control were those adapted to navigating both high seas and inland waters, a situation more common in the Baltic due to the region’s geography. Hence, the Baltic ships had the highest number of additional equipment that could be used as a tainik:

Methods of concealment vary: in the smoking lounge - inside the sofa; in the electromechanical storage room - locked inside a metal bench; in the air-conditioning room - hanging on a hook on a cord in the air vent, under the ceiling; in the locker room - in the space between the ceiling and the cabinets; in the mechanical storage room - in a bag with dirty clothing; in the shower - under some boxes with glass containers; in the storage room - inside the ventilation pipe; in the toilet - inside the ventilation pipe’s casing and in the space between the mirror and the bulkhead; in the pantry -

426 LYA, Fond K-1, Opis 58, Delo 47733/3, volume V, l. 343.

427 LYA, Fond K-1, Opis 58, Delo, 47733/3, volume V, l. 45.
in some bags resembling similar food bags already there; in the drying room - in a pipeline casing, passing through a hardly accessible place under the ceiling; in the dirty underwear storage room - in the two pipelines that are among 80 other similar pipelines, in the laundry - in the casing of the washing machine, etc.428

The Baltic ports suffered from a related topographical problem. Due to the geography of the coast, especially from Klaipeda northwards to Narva, there were very few natural harbors suitable to allow for undisturbed clearance of vessels waiting in the roadsteads. In Ventspils, for example, out of ca. 200 ships cleared per month, only two were cleared in the roadsteads in 1978. “Frequent storms and choppy seas do not permit the customs patrol to board their [service] boat.” Even if the inspection team made it onboard of the incoming ship, there were problems with supplying them with food, the crews apparently unwilling to share. Difficult conditions in the roadsteads made such controls up to three times longer than at berth. During the stormy winter of 1978/1979, one patrol team was forced to spend forty-eight hours onboard. Consequently, the Baltic ports usually cleared 25 percent (Leningrad) or 20 percent (Kaliningrad) of the incoming vessels in the roadsteads, compared to a comfortable 80 percent in Murmansk or Vladivostok. This fact led to demands to widen the port grounds, which in turn made surveillance more difficult, as well as to more pressure on the patrol squads to work faster, since the incoming ships often could not afford to wait in the roadstead due to safety concerns, a frequent factor due to the capricious Baltic weather.429 On the other hand, the KGB had their own reservations about clearing in the roadsteads as such. The problem was the insufficient level of ‘operative control’ that could be

428 RGAE, Fond 413, Opis 32, Delo 2639, l. 72.
429 RGAE, Fond 413, Opis 32, Delo 2639, l. 75.
exercised while the inspection crew stayed aboard for many hours, perhaps socializing too liberally with the crew.\textsuperscript{430}

Its own kind of problematic category, unique to northern Arctic ports, were the icebreakers. Especially those returning from Canada were fabled to contain legendary volumes of pornographic materials. What the local tamozhenniki found “interesting” was the fact those materials were often hidden under cover of religious materials, including the Bible. Both categories of items - pornographic and religious materials - belonged to the umbrella category of ‘ideologically pernicious’ materials. Furthermore, Arctic conditions enabled the kind of smuggling that was also exclusive to the North, somewhere in or on the sailor’s body. “An overwhelming majority” of smuggling in Murmansk took place under the many layers of clothing that ‘the owners’ wore on themselves. Needless to say, this type of trafficking could be more conspicuous in the more southern latitudes.\textsuperscript{431}

5.4. The Fatal Polish Link

The Tallinn meeting of August 3-5 (1982) concluded, appropriately, with a balanced mix of samokritika and scapegoating. There was only one issue more commonly discussed than the merchant Jewish diaspora and the CIA: Poland. “It is true, that is indeed how it was. The Poles occupied themselves with contraband almost everywhere, through all channels. [Targeting them individually] was easier than to inspect entire ships or vehicles,” admitted the director of the

\textsuperscript{430} LYA, Fond, K-1, Op. 46, Delo 966, l. 1-2, Spravka o rezultatakh kontrazvedovatelnoi raboty II Otdela KGB SSSR po g. Klaipede i LMB po borbe z podryvnoi delatenosti spetssluzhb FRG s ispolzovaniem ekipazhei zapadnogermanskikh sudov, poseshaiushih port Klaipeda za 1981-1984 gody.

\textsuperscript{431} RGAE, Fond 413, Opis 32, Delo 2639, l. 129, 131, 134.
The dawn of Solidarity and the introduction of Martial Law changed the rules of the game completely.

The most noticeable trend that most of the speakers at the Tallinn conference remarked on was the fact that, after the explosion of Solidarność in August 1980 and the resulting travel restrictions for Polish citizens, the incidence of trafficking violations committed by Polish citizens fell dramatically, even if the Poles could already be seen being substituted by others by the summer of 1982. A. V. Kozlov, the director of Leningrad’s Customs Office, which dealt with sixteen million tons of maritime cargo yearly, reported that in 1979 and in 1980, 40 percent of all contraband violations registered by his unit were committed by Polish citizens. “In 1981, when such contacts did not occur, the total volume of maritime contraband fell as well.” Similar trends were registered by the таможня at the Pulkovo Airport, where the contraband cases perpetrated by the citizens of capitalist nations grew (1979 - 72, 1980 - 109, 1981 - 175) and those committed by the citizens of socialist nations fell: (210, 209, 181 respectively); “it is largely to be explained by the sharp decrease in passenger traffic into and out of the Polish People’s Republic.”

Even in the remote Arctic port of Murmansk, Polish citizens were by far the most numerous group of offenders. In 1979, out of the 70 cases of contraband registered, 52 were committed by them. In 1980 - 85 out of 152, even in 1981 - 55 out of 96. Altogether, in those years, the Polish sailors were caught trafficking currency and items worth nearly 40,000 rubles in Murmansk. They

432 RGAE, Fond 413, Opis 32, Delo 2639, l. 209.
433 RGAE, Fond 413, Opis 32, Delo 2639, l. 33.
434 RGAE, Fond 413, Opis 32, Delo 2639, l. 150.
belonged, together with the Bulgarians, to the usual suspects. One of the bolder smugglers, a senior mechanic on the Polish vessel *Pawel Kajko*, transported various *shirpotreb* (everyday consumer goods) worth over 5,138 rubles, all hidden in “the quite sophisticated *tainiki* spread all around the ship’s many compartments.”^435

What Polish citizens were particularly skilled at was establishing permanent contacts with the local populace in order to facilitate their illicit operations. In August 1980, two sailors from the *m/s Górnik* [miner] were intercepted carrying four bags with 72 pairs of jeans that they tried to smuggle to the USSR through a hole in the fence that had been prepared in advance by the local *fartsovshiki*. They were betrayed by the fact that, as soon as they disembarked, they started walking in the direction directly opposite to where the customs gate was located. Other Poles were particularly skilled at observing the *tamozhnia*’s regime of work, registering the timing of shift rotations and other potentially helpful regularities. When one of them was busted smuggling one thousand rubles exactly at the scheduled shift rotation time, he angrily replied “that according to his calculations, there should have been no control at this point in time.”^436

The awareness of the Polish penchant for contraband had long been common knowledge among Soviet authorities. Before the birth of Solidarity and the ensuing travel limitations, Polish citizens were particularly detested for taking advantage of the newly liberalized customs regulations for the ‘brotherly’ cruise vessels visiting Soviet ports. Those regulations freed the allied socialist nations from filling out customs declarations on everything else apart from

^435 RGAE, Fond 413, Opis 32, Delo 2639, l. 126, 132.

^436 RGAE, Fond 413, Opis 32, Delo 2639, l. 135.
currency. In consequence, jewelry and precious stones could be brought into the USSR without registration in carry-on luggage. It was an intolerable state of affairs, according to the head of the Leningrad customs office.437

In 1980, the year of Moscow Olympics, the cooperation and sharing of information between Poland and the USSR was particularly intensive. Between June 1 and August 10, the authorities of both countries cooperated very closely in controlling the flow of the Olympic traffic, both ways. The Polish authorities were responsible for “a full inspection” of all traffic, including postal traffic, from Poland to the USSR. Full inspection meant a full bodily inspection of all passengers on any vessel (land, air, sea), on all possible entryways from Poland to the USSR. Earlier, in March, just a few months before the strikes of August, a congress took place, incidentally, in Gdańsk. The Polish celnicy and the Soviet tamozhenniki came together to discuss various “practical issues of cooperation” during the Olympics, including the maritime front.438

Another serious problem was that the tamozhniyas bordering with Poland (and not only) “have learned their trade on [i.e. thanks to] the Polish contraband. After this channel had been closed, they lost their bearings and tried to look for new channels that had been beyond their control so far.”439 As the discussion at the 1982 Tallinn conference revealed abundantly, the Polish context as such is necessary to understand why the meeting took place in the first place, and why in Tallinn.

437 RGAE, Fond 413, Opis 32, Delo 2639, l. 42.

438 RGAE, Fond 413, Opis 32, Delo 478, l. 34, Protokoly o vzaimodeistvii tamozhennykh uchrezhdenii sotsialisticheskikh stran v period podgotovki i provedeniia XXII Olimpiyskih Igr v SSSR, 20 July – 12 December 1979.

439 RGAE, Fond 413, Opis 32, Delo 2639, l. 175.
The disease of Solidarity, born in the Baltic port cities, could certainly become seaborne, and the recognizable symptoms could already be seen developing along the Soviet Baltic in the 1970s. The Polish problem was thus twofold. Retrospectively, Poland had been ultimately confirmed as the trouble child of the Soviet Bloc, with enough potential to destabilize the neighboring countries and republics. Looking forward (in 1982), the Martial Law of December 1981, and other travel limitations introduced already in 1980, had set in motion an entirely new pattern for travel, tourism, foreign trade and everything else logistic in the heart of the Soviet Bloc. Everything had to be researched, intercepted and regulated anew.

However, the first six months of 1982 had demonstrated that the cordon sanitaire now firmly established around Poland had not done much to alleviate the perennial problems of the Soviet economy, of which contraband was just one among many symptoms. As the data from Leningrad’s tamozhnia demonstrates, 40 percent of contraband violations had been perpetrated by Polish citizens before 1981. The ratios were much higher at the control points bordering with Poland directly. The Belorussian city of Brest, positioned right on the Moscow-Berlin train and auto route, was the busiest Soviet border control point except for the Sheremet’evo airport. The incidence of Polish-related cases there varied between 60 and 80 percent in the 1970s.440 Other tamozhniyas got both “distracted and used to the Polish contraband” to such a degree that they had eventually become “satisfied by it.” Intercepting traffic from Poland became a bulletproof way to satisfy the required quotas of violations. As the volume of Polish traffic decreased after December 1981, the numbers fell equally dramatically initially, but soon began to recover toward the pre-

440 RGAE, Fond 413, Opis 32, Delo 3901, l. 21, Protokol soveshchaniia predstavitelei tamozhennykh upravlenii stran-chlenov SEV po bor’be s kontrabandoi sredstv platezha, blagorodnykh metallov i izdelii iz nikh, Berlin, May 29-31, 1984.
1980 levels. Ominously, the new violators came increasingly from capitalist countries, “a great danger for our state,” according to the GTU. The conclusion drawn by the Customs Administration was that the rank-and-file officers controlling the Polish border had been “satisfied” with catching low-profile [melkie] crimes prior to 1980, while the organized international gangs kept on trafficking untouched.441

At the twenty-third conference of the chiefs of socialist National Customs Administrations in the summer of 1982, the head of the Polish Main Tariffs Bureau [GUC] informed his socialist colleagues that “as a result of the well-known limits introduced in international passenger travel in his country, the number of criminal investigations [launched by his office] declined by 70 percent.” Earlier, 67 percent of violations were committed by Polish citizens, 15 percent – by capitalist citizens, 6 percent – by citizens of other socialist nations, 12 percent fell prey to the beskhozainaia kontrabanda [ownerless contraband]. Tellingly, only 7 percent of the currency contraband was denominated in socialist currency. Among the capitalist citizens, West Germans and Swedes were the two largest national groups of perpetrators.442 With the Poles effectively (for a few years) kicked out of the socialist camp, the burden of supplying Soviet citizens with the defitsit had to be carried on by others. The sudden and unexpected supply vacuum that opened up following the introduction of Martial Law in Poland, helped merchant adventurers of other nationalities to jump in and continue along the Polish-blazed trail of profit.

441 RGAE, Fond 413, Opis 32, Delo 2639, l. 176.

442 RGAE, Fond 413, Opis 32, Delo 2640, l. 152, 159, Dokumenty (protokol, doklady, rezoliutsii) XXIII Konferentsii rukovoditelei tamozhennykh upravlenii sotsialisticheskikh stran, tom 1.
5.5. Valiutchiki

In 1987, eighteen years after the release of the Brilliantovaya Ruka, the Soviet film industry was assigned a new mission on the contraband front. This time it was not the sunny shores of the Black Sea, it was the dark winter nights of Leningrad. It was not a comedy, but a documentary with a more self-explanatory title: Valiutchiki. There was no happy ending, but fifteen years for the gang’s boss Mikhail Dahia, and over a hundred prison sentences for his fellow fartsovshiki. In 1993, Dahia was released. The Beriozka stores were no longer there and one did not have to encounter a foreign sailor or a stray Finn to obtain currency. But he quickly returned to his old ways, choosing the energy sector this time around. Dahia was shot dead in St. Petersburg by a sniper on December 29, 1999. He was rumored to have angered the wrong kind of people in the oil business.443

While his story cannot be told here, the documentary is worth watching. It was the KGB’s last stand on the contraband front, still true to the Dzerzhinsky spirit. As of 1989, fartsovka was still a serious crime and an official term used in internal KGB communication. But there would be no more battles with the old-school black market. The attention had already been switched to a new occurrence: the co-ops, kooperativy. To give just one example: the newly-created, Leningrad-based co-op Morskoe Perevozki [Maritime Transport] was already a subject of a criminal investigation in 1989. Leningrad’s KGB opened a case entitled ‘Criminal Activity of Officials in the Economic Sphere,’ targeting the management board of the co-op. The company purchased two

vessels from the *Litrybprom*, the Lithuanian Fisheries, for exactly the amount a scrap metal facility
would pay ("*ostatochnaia stoimost/kak metalolom*"). The persecution was supervised by Colonel V. A. Epimahov, the head of Department IV in the Lithuanian KGB. According to his judgement, both vessels (MRTR-254 *Lukstas* and SRTMK-8124 *Menkar*) were in a fully operational condition. Their nominal value was over 40,000 rubles, while their “actual value” was apparently higher than 200,000 rubles. “For the organization and execution of this deal, the deputy director of PO *Litrybprom* has received a bribe,” Epimahov wrote. Another KGB investigator from Leningrad’s RO UKGB, V. V. Strelkov, also reported on being offered a bribe from the deputy director of *Litrybprom*, N. I. Koptev, a resident of Klaipeda and a member of the CPSU. “On the basis of the facts mentioned-above, it can be stated that this contract has been signed and executed in order to steal state property by means of deception, which inflicted serious damage to the state interest.”

A few years later, the old enemies would become allies. Before that happened, in August 1989, the KGB was still fully operational, and far from surrender in its war against contraband and other forms of economic insubordination. From 1987 onwards, however, they had a new threat to worry about. The first tourists from USA, Canada, FRG and other capitalist countries visited the Baltic city of Klaipeda. Earlier, it apparently used to be exclusively sailors who disturbed their peace and quiet. In their spare time in 1989, the Lithuanian KGB branch reviewed their records. Following the decree no. 00185-79 issued ten years earlier, the 1989 *delo spetsproverki* surveyed the ten operational groups of the KGB stationed in what was turning into the Baltic States. Their files contained ca. 33,000 separate *orientirovki*, customized individual files held on (against)

sailors, domestic and foreign. Roughly half of them were no longer in service, but the other half - still at sea. On average, 2,500 new files were being added to the records each year, with each ‘inactive’ file archived for up to ten years.\footnote{LYA, K-1, Op. 46, Delo 964, l. 1-3, Nachalniku IV Upravleniia KGB Soiuza SSR general-leitenantu Storezhovu IO. B., Moskva, 31.07.1989, No 18/1001, ‘W otnoshenii del spetsproverki (DSP) na moriakov zagranplavania.’} Whatever happened after 1991, it cannot be said the Committee for State Security had not taken its former task seriously.

The next chapter examines just how seriously that task was taken by the KGB in *Pribaltika* (including Kaliningrad), in the entire period between 1945 and 1991. It will examine to what extent the KGB’s grip (or lack thereof) on the region’s maritime economy influenced the unexpected geopolitical outcomes of 1989-1991.
The Baltic Connection: A Fragile Cold War Lifeline

6.0. Klaipeda: Unseemly Cosmopolitan in Soviet Lithuania

The first postwar year-end report on the condition and operations of Klaipeda’s seaport was typed on the back side of documents inherited from the Siemens-Schuckert Werke in the spring of 1946. Liberated by the Red Army on January 28, 1945, Lithuania’s only port city was destroyed to an even greater extent than its southern neighbor Königsberg. Very few cities could beat Klaipeda in this pan-European ranking of infamy, AD 1945. Twenty-five square kilometers of the city (out of thirty-two) were razed to the ground, the remainder was heavily damaged. The amount of work required to render the port operational seemed endless. To begin with, the railway gauge of the extensive sea-to-land terminal had to be readjusted to fit the Russian width. Fortunately, in 1945, 70,265 German war prisoners were available to lend a hand at rebuilding the city they called Memel. It was they who did approximately two thirds of the total work of reconstruction.\textsuperscript{446}

Despite the wartime destruction, several shipwrecks blocking the port’s entrance and the virtually complete eradication or displacement of her prewar population, Klaipeda was ready to greet the first incoming ship in September 1945. Nine more followed that year. Seven of them were inherited from Germany as war trophies. They arrived loaded with reparations making their

\textsuperscript{446} Klaipeda Regional State Archives (KRSA), Fond 539, Op. 1, Delo 4, l. 325, Godovoi otchet po osnovnoi deiatelnosti porta za 1945 god.
way from Central Europe into the Russian hinterland. Trophy ships and trains were one reason why so many German POWs were initially deployed to the Baltic front of reconstruction. They helped to secure a fast and secure flow of war tribute that bypassed the ruins of the still-wavering Poland.\textsuperscript{447} The other common type of shipment arriving from the West was the UNRAA deliveries. The first of these included fifteen Studebaker trucks and other trademarks of American industrial prowess, already familiar to many through the wartime Land-Lease deliveries. The first annual plan of transshipment was not fulfilled, however. Only 19,378 tones were loaded and unloaded, instead of the 48,200 required by the \textit{NarKomMorFlot} [Maritime Ministry], a plan fulfillment ratio lower than 50 percent. Unknowingly to Klaipeda’s new rulers, German contraband trophies, American consumer durables and unfulfilled quotas were to become a set piece of life in Lithuania’s only port, far beyond the reconstruction period.\textsuperscript{448}

The early postwar years were marked by daunting existential problems. Reports on the port’s condition continued to be written on surviving German paperwork. It was not a sign of nostalgia for the times gone by nor of sympathy for Siemens, and not in the least for East Prussian bureaucracy. What worried those in Moscow’s halls of powers was the fact that a great quantity of war trophies was being siphoned off somewhere on their way from Germany. Klaipeda and her dockworkers were the usual suspects. Even the UNRAA deliveries were not immune to the ravages of the population suffering from an unspeakable shortage of housing and periodic famines. Chronic thefts of entire wagons filled with American sugar did not cease well into the 1950s. The reward for denunciation of a sugar thief was 100 rubles in 1956, nearly one monthly working class income.

\textsuperscript{447} KRSA, Fond 539, Op. 1, Delo 4, l. 326.

\textsuperscript{448} KRSA, Fond 539, Op. 1, Delo 7, l. 16, Sodierzhanie: ob otgruzke trofeinovo oborudovania importnykh, reparatsionnykh gruzov sbornymi vagonami i odinochnymi mestami.
The first contraband case, registered in 1947, included BMW motorcycles and other trophies. Tolerance for more or less legal importation of all kinds of wares from Germany was rather high. Most of them were shipped from the East German port of Rostock. Emptied vessels carried the Red Army’s personnel and supplies back to its westernmost outpost. This new maritime link between Germany and Soviet Lithuania also foreshadowed numerous future developments. In fact, servicing the Soviet Union’s lifeline to Central Europe determined the bulk of Klaipeda’s postwar history, especially because Poland turned out to be such an unreliable ally.

In the Stalinist period, the incidence of contraband remained episodic and its content: ‘retail’ in scale, especially if compared with what unfolded in the 1970s. Penalties were rarely higher than 100 rubles or a minor disciplinary sanction. An effective warning for insubordinate sailors was cancelling their privileged customs clearance status they enjoyed on the goods ‘imported’ from Germany. Prewar trade routes and commercial networks were shredded to pieces during the war. The Iron Curtain that descended on the European continent held the Baltic with a grip at least as firm as its southern Szczecin-Trieste land extension. The first non-communist port from which contraband was shipped to Klaipeda was Antwerp in 1952. Sailors tried to illicitly import Western consumer goods inaccessible in the Soviet Union: apparel, cosmetics or cigarettes, but the dangers along the many stages of their enterprise were daunting.

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The beginnings of the Lithuanian KGB’s maritime department were far from smooth, just like the entire Sovietization process of the recently independent Baltic States. The bulk of the Committee’s attention and resources were directed to the Forest Brothers and other forms of overtly political opposition lasting well into the 1950s. Nonetheless, foreign ships began to anchor in Klaipeda in the 1940s, and wherever there were foreigners – the KGB had report for duty. In the 1950s, the performance of the local branch left a lot to be desired, according to Moscow: “The investigation run by the MVD USSR of the Seventh Department of the UMVD of the Klaipeda Oblast found that the performance of personal surveillance/observation is in an extremely neglected, dissatisfactory state. The observation of crews of foreign merchant ships is disorganized and primitive. The inomoriaki [foreign sailors] often remained without company for a long time and strolled on the shore unaccompanied. Nine [important] encounters of foreigners [with the locals] occurred without control, including the operationally important Prokhodimka [Easy Rider, Rapscallion] case.”452 Entire ship crews went roaming the through the city unattended. Especially the adventurous Fins were adept at losing their tail. Such outcomes would be worrying anywhere, but especially in Pribaltika, due to its convoluted recent past, present resistance and particularly – its complex and shifting ethnic mosaic. “The city of Klaipeda is inhabited by a large number of persons with relatives abroad, who maintain regular mail contact, persons with a criminal record for particularly dangerous offenses, as well as the German and Jewish minorities who occasionally overflow us with their petitions to emigrate to the FRG or Israel,” the KGB entertained no illusions.453


453 LYA, Fond K-1, Op. 46, Delo 962, l. 147-148, Plan kontrarzvedovatelnovo obespechenia kompleksa mezhdunarodnoi morskoi paromnoi perepravy Klaipeda-Mukran, Signed by Nachalnik Osobovo Otdela KGB SSSR,
“Because there is a shortage of restaurants and clubs in Klaipeda where one could arrange meetings between our agents and sailors, we organized a chess tournament on February 21, [1954]” between Klaipeda’s residents and the crew from the Norwegian ship Svolder, “thanks to which our agents could meet the sailors we were interested in.” The epicenter of encounters with foreign sailors – the Interclub – would only become an option in the 1960s. The small Café Banga was one of the few places where such rendezvous could be scheduled. In short, the local KGB leadership complained that their work conditions were extremely poor, and the morale of agents and confidantes was on the verge of collapsing. New resources and manpower from Moscow were desperately needed to secure the country’s westernmost maritime front.454

The scale of amateurism, absenteeism and drunkenness among the cadres and agents of the local KGB shocked the auditors from Moscow. Provaly, large and small, filled all forty-six pages of their report. Klaipeda’s branch worse than failed to comply with the Decree No 145 issued by the Ministry of State Security, which prescribed how to deal with the dangers posed by foreign sailors. To begin with, it was the first sailors to set their feet on land on a given day who were observed, meaning that there was no “scientific basis” for intelligent targeting. “Operational cars are used in an absolutely unacceptable way. Objects Korshun and Bekas were followed with several cars at once, five officers in each, which leads to easy deciphering […]. Entire shifts went to cafes, dining halls or cinemas simultaneously.” Agents appeared with radio-equipment in public places, “needlessly attracting attention.” Operational cars were rented out to regular citizens, kapitan II ranga, A. F. Chaikovski, and Nachalnik OKGB Lit. SSR po g. Klaipede i LMB polkovnik A. I. Armonas, March 31, 1987.

“which resulted in their decryption.” Occasionally, up to eight officers followed a single sailor. It was the nachalstvo [leadership] that was to blame, however, their work was “completely clueless and careless,” and coordination remained non-existent. If the situation did not change for the better immediately, Moscow warned, they would be relieved.\textsuperscript{455}

In the month of January 1955, Klaipeda saw visits from seventeen foreign ships, including ten from France, two from Sweden, one from Norway and one from the FRG. It was up to the captain (and his superiors back home) whether and how many of the crew could go ashore, which made the work harder for the KGB. The unexpected predominance of French ships in the early 1950s was another problem due to “the lack of agents knowing French” and the wavering position of Gaullist France in the Western alliance, which made the correct political orientation toward them tricky. But the first half of the 1950s was an aberration.\textsuperscript{456} After Adenauer’s visit to Moscow in 1955, it was the West (and East) German ships that became the most frequent guest in Klaipeda – a constant in the KGB’s counterintelligence picture until 1991.

One of the most effective agents in Klaipeda in the 1950s was a young girl registered in the KGB directory as Monica. She worked for Klaipeda’s ship chandler agency (Inflot) and that was how she usually rendezvoused with foreign sailors. She was German by birth and spoke fluent English and Swedish. She had relatives in Flensburg and Lübeck who ended up there after the war. She communicated with them through befriended Danish officers. Monica was allowed to travel abroad for operative purposes, she visited Denmark herself in June 1955. The Danish captains


\textsuperscript{456} LYA, Fond K-18, Op. 28, Delo 76, l. 14-17, Dokladnaia zapiska o kontrrazvedovatelnoi rabote sredi inomoriakov, posetivshikh port v janvare 1955 goda.
often offered to smuggle her out of the Soviet Union in their cabin, as it was out of reach for Soviet controllers, but she rejected their offers. Monica was given an extra allotment of cash to invite the more promising among the foreign captains to the best restaurant in town, the Baltika. Her charms appealed especially to the numerous French captains, who often invited her back to their private cabins and developed a habit of bringing her French underwear as a personal gift.457

On January 7, 1955, Klaipeda was visited by the West-German ship Norwind. Captain Franz Rudolf allowed seventeen of his crew to disembark, which was much beyond what the KGB was used to handling. While strolling through the city with Monica, the captain wondered how many Germans were still living in Klaipeda. Saddened by her evasive reply, he reflected: “I visited your grocery and hardware stores and was shocked by how poorly supplied they were. At home in West Germany, even the poorest working class woman would not dare to buy such materials for her children. […] When I get back to Germany, I will invite our communists […] to visit Klaipeda on holidays too see for themselves how people live here.” He also mentioned that he was well aware that there were so many Soviet troops stationed in the GDR that if only Moscow wished – they would be rolling through Hamburg, his hometown, within an hour.458

A few months later in April, Joachim Taichman, the captain of the West German ship Harnis, also strolled through Klaipeda with Monica. To her surprise, he was quick to let it be known that he knew exactly “what it means to meet young girls in port cities. […] I still remember my voyages to Leningrad in 1938-1939. We were met by intelligent ladies right at the entrance to the port. We headed to the mariner’s club, we had a good time there. Those ladies asked us about

457 LYA, Fond K-18, Op. 28, Delo 79, l. 40, 60, 61, 68, Dokladaia zapiska o kontrrazvedovatelnoi rabote sredi inomoriakov, posetivshikh port v aprele 1955 goda.

458 LYA, Fond K-18, Op. 28, Delo 76, l. 15.
our opinion about the Soviet Union. Perhaps similar ladies work here in Klaipeda?” Needless to say, the Germans had much more experience of direct contact with Soviet authorities and, accordingly, behaved more cautiously, which was not always the case among French captains, who often tried to “have fun with Monica” right on the day they met her.459

Sailors from the free Hanseatic city of Hamburg, such as Hanson Maier, were fond of “speaking highly of the West German way of life,” and criticized what they saw as “tyranny” in the GDR. Maier, who twice escaped from British captivity during the war, was actually surprised by the fact that he was allowed to go ashore in Klaipeda. He now served on a Norwegian ship and remembered that when his ship came to Szczecin, the Germans were not allowed to leave their ships, because, he believed, “the authorities were afraid that they could meet the German population of Stettin.” He was curious to learn how many Germans remained in Klaipeda, but his hopes of meeting them were dashed by Monica.460

In September 1955, twenty-five ‘capitalist ships’ visited Klaipeda: eight French, five West-German, five Danish, three British, two Finish, one Swedish and one Spanish. Some crews did enter land, some had to remain onboard. Those who did, formed groups of up to forty large and stayed in the city for up to six hours. One of the British crews caused a sensation. They entered the city in large numbers, most of them of Arab and Hindu backgrounds – a rare sight in the Lithuanian province. The KGB registered “friendly attitudes, [the populace] greeting them warmly in the streets.” But the British view on the Soviet Union was less friendly. The ship’s captain, a Welshman from Cardiff, a world-travelled water dog, was not to be fooled: “communism in the


Soviet Union had nothing to do with Marx or Lenin. The Politburo’s dictatorship is all there is to it: no freedom, no democracy,” he told a KGB agent accompanying him. To bolster his opinion, he referred to his own knowledge of “how strictly the Soviet ships are controlled abroad. […] If there was no such control, many Soviet people would desert immediately. In his opinion, 95 percent of the Polish population shared an anti-communist attitude. […] He mistrusts the Soviet leaders, if they want to conquer – they will, just the way they did in Latvia, Lithuania, Estonia and Poland” – officer Ivanov dutifully reported. Ivanov’s reply was that, as far as he knew, “the Baltic republics voluntarily joined the USSR after national referendums.” For a KGB agent working in Klaipeda, this barrage of ‘hostile propaganda’ was daily bread.461

Klaipeda was frequently visited by her former residents. Very few relatives of theirs remained in the city after the war. Kurt de Werner was one of the few whose relatives were still there. He was a former resident of Memel who left for Riga in 1944 to be evacuated for West Germany, where he now lived in Flensburg. The West German captain Heinz Schmehel from Hamburg’s Alsterpark was the owner of a small repair-shipyard named Lindenau in interwar Königsberg. He ended up in Kiel, where he started a similar business from scratch. “When speaking about the Soviet Union, Schmehel said that there was no freedom whatsoever in the country, everything was strictly controlled.” He pointed to his own experience as the captain of a ship regularly visiting Soviet ports: “there is always a guard in front of my ship, I do not understand why.” His ships were never controlled so thoroughly, and guarded so explicitly, in any other foreign port. Klaipeda was the closest that the residents of Königsberg could get to their homeland for most of the second half of the twentieth century. Klaipeda and her new rulers usually did not

make a good impression on them. If their ship had to turn east after leaving the gateway of their North German homeport, they preferred Riga. Beyond being a larger urban center, the Latvian capital was not as heavily destroyed as Klaipeda. In general, the Germans with some roots in the territories now under Soviet control figure prominently in KGB reports throughout the entire postwar period. Even those behaving impeccably were apparently followed and listened to with utmost diligence.462

Some West German sailors had different ideas than Schmehel. A young deck-hand, for example, expressed his desire to stay in the Soviet Union in a conversation with a KGB agent. His plan was to “get a lot of money from the Russian government for the big-time propaganda” he would run against his home country. Those sailors were reportedly handsomely paid to photograph Klaipeda by the Hamburg-based newspaper Abendblatt. The photographers were encouraged to capture the city’s uglier side, which was hardly a challenge. “There are numerous residents of the former city of Memel, currently residing in Hamburg, who will certainly be very interested in such pictures,” the youngster told him. It was precisely those kinds of ‘journalists,’ alongside the uprooted Lithuanian citizens, who were taken with all seriousness by the KGB, and their personalized files were paraded in front of Moscow as their institution’s raison d’état.463

In a detailed report to Moscow, authored by the head of the maritime section of the Lithuanian KGB Colonel Bykov, he complained of never being able to recruit enough local Lithuanians to work for him. He also worried about the dearth of suitably qualified women. The frequent deployment of Monica, one of the few women working for the KGB, was bound to

463 LYA, Fond K-18, Op. 28, Delo 85, l. 95-100.
backfire. Most sailors, especially those coming to Klaipeda regularly, were already keeping her at a distance. Altogether, 510 agents and informants worked on the 137 ships of the Lithuanian Fleet in 1954, but the home-front protection of the newly-annexed Soviet soil was less secure. Fourteen foreigners were classified as worthy of ‘operative interest’ and surveilled whenever they came to Klaipeda. A new agent codenamed Leningradskaia was recruited to make that number larger. She “possessed a large circle of friends among the foreign-bound sailors and can be characterized as lady of easy virtue.” But single recruitments were not considered enough, a new plan was created to take this kind of work to the next level, *vide* the KGB Decree No 60/2/1265 from March 25, 1954.464

By 1963, the echoes of Khrushchev’s anti-black-market crusade reached Klaipeda. A typical final verdict from that period (*ug. delo* 2-22, 1963) read: “[d]uring their stay in Klaipeda's merchant port, the sailors of capitalist countries, violating the laws of currency operations, sold foreign currency, speculated with various industrial contraband goods [...]. For that purpose, they have established connections with the insufficiently morally upright youth. Through this connection, they socialized with the ladies of easy virtue, organized binges and debauchery, which creates an unhealthy moral-political situation among the youth.” In this particular case, “the accused Kravickas, Pranulis, Ulanov and [four] others, while socializing with foreign sailors and calling themselves ‘businessmen,’ purchased foreign currency and contraband goods from them, with which they then speculated to obtain profit. Moreover, Kravickas has turned his apartment into a den [*priton*]. [...] Fedorov and Portnov distributed a foreign magazine with pornographic imagery.” The largest illicit operation documented in this case amounted to an exchange of 20

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dollars, 60 dollars and a sweater bought in Klaipeda for nine dollars, resold in Kaunas for 20 rubles. No larger sum than 100 rubles was ever mentioned. Nonetheless, the court jury consider[ed] it necessary to impose “a strict measure of penalty […] due to the considerable amounts of foreign currency involved.” Each of the seven convicts received prison time, including two seven-year sentences in “a colony of heightened regime,” not to mention the confiscation of all property.

Reflecting Khrushchev’s sentiments, while “[t]he jury recognized the mitigating circumstances such as the illness and first-time crime situation of citizen Pranulis, it has to be considered that his was a serious crime [tiakhkoe prestuplenie] […] and he did not cease his activity even after a warning, but on the contrary – he morally decomposed [further], [despite] having a family, razputnichal with the ladies of easy virtue and engaged in souteneur proceedings [svodnichestvo]. The severity of the sentencing practice in this particular sphere continued only partially abated into the 1970s. By 1980, 25.8 percent of sentences for maritime trafficking led to prison sentences of three years or more, 35 percent - to public works, 14.4 percent - to suspended prison sentences, 21.7 percent - to a combination of suspended prison time and public works.

Germans and Poles were the usual suspects in Klaipeda by the 1960s, as demonstrated by the Izmailov case (contraband case no 47530/3) run by the Lithuanian KGB. Izmailov was a man born in 1946 and active on Klaipeda’s black market scene at least since 1962, when he “established a criminal connection with foreign sailors visiting the port city of Klaipeda from

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465 LYA, Fond K-1, Opis 58, Delo 47424/3, volume 2, l. 114-119, Ugolovnoe Delo No 134.
466 LYA, Fond K-1, Opis 58, Delo 47424/3, volume 2, l. 120.
467 RGAE, Fond 413, Opis 32, Delo 484, l. 23, Biulleten' Operativnoi Informatsii, l (22), mart 1979 goda.
468 LYA, Fond K-1, Opis 18, Delo 47530/3, l. 19-20, Ugolovnoe Delo No 240.
whom he has been systematically purchasing nylon jackets, shirts and other items, and [then] speculated with those goods.” Since 1966, Izmailov worked as a valutchik as well. Prior to that engagement, he had in fact been profilaktirovan [prophylactically forewarned], but could not be sent to jail as he was still underage. However, “he did not cease his criminal activity, quite the contrary, he intensified it, and involved other persons.” A frequent crime scene was the Palanga cafe, popular among the Swedes. In 1967, Izmailov was sentenced to six years in prison (paragraph 87 UG: 4 years, and paragraph 164 UG: 2 years), but his sentence was shortened to four years of a labor camp of regular regime. The KGB’s ‘operative report’ spared no harsh words against the local tamozhnia, which was to blame for the porous control.

Izmailov’s case is illustrative also because his position in Klaipeda was used by a friend from Kuabishev, Marina Katkova, who visited the Lithuanian port city regularly. In Kuabishev, “fashionable clothes are hard to find, or not available at all.” Furthermore, it included frequent deals with Norwegians and Swedes. Clothes were exchanged for vodka in Klaipeda’s fancy restaurant Neptun and its touristy cafes Jurata and Banga. Playing blackjack after a meal was a favorite recognition sign for interested onlookers, a universal phenomenon across the entire Baltic region. After Izmailov lost 200 rubles in one of the rounds, he remarked: “I do not regret losing money. The Poles will help me out. When they arrive to Klaipeda, I will have money again.” Izmailov’s key to success was his fluent English, Swedish and German and his extensive friendships with the brotherly Poles. The term ‘businessman’ was deployed to describe those among the locals who met with foreign sailors on a regular basis, “in particular if they were

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469 LYA, Fond K-1, Opis 18, Delo 47530/3, l. 34-35, Postanovlenie o privlechenii v kachestve obviniaemogo, 10 June 1967.

470 LYA, Fond K-1, Opis 18, Delo 47530/3, l. 66-70, Prigovor Imieniem Litevskoi Sovetskoj Sotsialisticheskoi Respubliki, September 14, 1967.
Polish.” The Poles were notorious for not shunning away from entering into all kinds of deals directly on the port grounds, an impressive act of defiance. They also accepted nothing but hard currency, no rubles whatsoever. In general, it was plainly visible that Klaipeda’s ‘businessmen’ “were in possession of money in excess of their base salary.” Izmailov’s official monthly salary was 60 rubles. “Still, he visited restaurants and cafes often, where he spent his money liberally.”

The art of the deal, according to a certain Vladas Raginis, sentenced to three years in a penal colony, revolved around meeting foreign sailors who were either first-timers in the USSR and/or intoxicated, which promised a higher probability of negotiating a competitive price. What prompted Raginis to embark on the path of crime? “I wanted to, first of all, buy some nice clothes cheaply, secondly - I wanted to have money for personal expenses, and to be able to visit my parents.” He had two sisters in Sverdlovsk who wrote letters asking for a nice coat. Raginis saw Izmailov dealing with foreigners regularly for several years, “and somehow he got away with it,” “seeing him [do it] - others started doing the same.”

“The milieu of businessmen” knew exactly where the foreign sailors were likely to appear. “We followed their path closely as soon as they exited the merchant port, then we awaited their arrival at the Banga cafe, next to the Waiva cinema, the Klaipeda restaurant and at other spots. [...] Upon meeting them, we would ask immediately whether they have something to sell. If yes, we would go to dark alleys, gates and corners, where we concluded contraband deals quickly and dispersed. [...] I was a student at the Second Double-Shift School of the Working Youth. It is located directly next to the prokhodnaia [checkpoint] of the merchant port. Dolgushev often

471 LYA, Fond K-1, Opis 18, Delo 47530/3, volumes I, II, III, l. 83 (I), 84 (I), 118 (III), 119 (III), 192 (II), 207 (II), 274 (II).
skipped classes because he would stalk [karaulil] foreigners.” The Soviet urban planners could not have predicted that this seemingly accidental fact of urban geography could impact negatively the educational progress of Klaipeda’s youth. Most future businessmen started with cigarettes and aspired to become currency changers. The dream goal was of course a motorbike. After a few successful operations, Dolgushev and others went to Moscow, “from whence they returned in green nylon jackets [...] purchased with foreign currency.” The desire to impress was stronger than the fear of the authorities, including the KGB. “The businessmen were easy to spot, [because], after all, they put the foreign clothes on by themselves.”

Altogether, Izmailov’s case was complex enough to result in three thick judicial volumes, and to provide for over a year of investigative proceedings. The several years of criminal activity never involved sums larger than 1,100 rubles. Still, Izmailov’s case allows us to spot a few representative patterns. The gateway moment for most inmates in-the-making was noticing “various foreign items, coats, shirts, clocks and other” items worn by their peers, which led to a suspicion of involvement in the “re-selling business with foreigners.” Then came an invitation to join the ‘business,’ for example in Klaipeda’s Baltika restaurant, where a senior businessman would “personally [announce] that he occupies himself with [this procedure], and consequently – he can afford binge drinking in the restaurant.” And then the newly induced member would be sent on his first mission, which usually meant exchanging cigarettes and chewing gum. From there, the path usually led downhill, and eventually into a labor camp.

472 LYA, Fond K-1, Opis 18, Delo 47530/3, volume II, 21-23, 188.

As Izmailov’s and other cases demonstrate, the most chronic problem in Klaipeda, as confirmed by the head of its tamozhnia, was the high likelihood of regular dockworkers entering into deals (sdelki) with the sailors, also due to the always insufficient number of dedicated security personnel. In simpler words, there were never enough Russians so under-qualified as to be willing to work as port security service. On September 18, 1980, for example, three sailors from the West German Bremer Flagge were caught offloading jeans and polyethylene bags in Klaipeda, with active assistance of an entire crowd of dockworkers. Similar practices occurred after the arrival of the Bremer Horst Bischoff in February 1981. In both cases, it was the smezhnaia organizatsiia - the KGB and its informers - that helped to intercept the contraband, “merely partially, unfortunately, [...] but it served as good prophylaxis.”\footnote{RGAE, Fond 413, Opis 32, Delo 2639, l. 108.}

In the late 1960s, it was enough to hand fifty rubles to a tamozhnia worker to turn his eyes away from a single contraband delivery. The cleaning services – their trucks and personnel – were among the many weak links that were excluded from the normal customs control. A major case from 1968 involved, yet again, the Polish ship Rokita. This time, the Poles colluded with Klaipeda’s dock workers to smuggle pens and textiles into Soviet Lithuania, on a scale that could hardly qualify as commercial. Nonetheless, the trial concluded with a prison sentence of five years of penal colony of strengthened regime for the ‘gang leader’ and several shorter terms for his partners in crime, including the corrupt customs official. Because the operation implicated both port service personnel and customs officials, it qualified for prosecution as organized crime. Another ship-to-land trafficking option was to hide the contraband in a separate, covert tank of a
lorry supplying the ships with fuel.\textsuperscript{475} In general, if smuggling remained invisible – it was by and large tolerated, and the penalties limited to regular disciplinary sanctions by the fleet administration. If the operation involved bribing public servants of any rank, and as such could not be easily swept under the local administrative carpet, it was punished with all severity.

Klaipeda, more than any other Baltic port, suffered from a chronic insubordination on the part of rank-and-file (usually Lithuanian) customs workers, who got corrupted too easily, according to a Vilnius court sentence from 1969, which enabled their fellow countrymen and seamen to smuggle the contraband inland undisturbed. With a bribe’s effectiveness secured at 50 rubles, there was a lot left to cherish from the profit of a typical contraband shipment, which was about 3,000 rubles in the late 1960s.\textsuperscript{476} It was only in the late 1970s, however, that the (registered) sums began to exceed tens of thousands of rubles.\textsuperscript{477} By then, those who did not actively participate in smuggling at a given time, were keen to learn about who did. The non-participating sailor had to be rewarded with 1,000 rubles to keep quiet. “Kazimierchak [a sailor who accidentally learned about his colleagues’ operation] deals in contraband himself and while at it – he wants money from others threatening to denounce them.”\textsuperscript{478} The level of crew solidarity in crime was incomparably higher in neighboring Poland, where Kazmierchak’s kind of behavior was absolutely unacceptable in the sailor's milieu. In the USSR, group solidarity was spoiled by nationalities dynamics, which could and was utilized by the KGB in their divide and rule tactics. Yet this tactic could not always

\textsuperscript{475} LYA, Fond K-1, Opis 58, 47589/3, l. 15-18, Ugolovnoe Delo No 259, 1968-1969.


\textsuperscript{477} RGAE, Fond 413, Opis 32, Delo 1985, l. 45, O merakh po usileniiu bor'by s kontrabandoi v krupnykh razmerakh i ideologicheskii vrednykh materialov.

\textsuperscript{478} LYA, Fond K-1, Opis 58, Delo 47733/3, volume I, l. 234.
overcome historic ties and new opportunities. Polish and Lithuanian sailors, unlike many nationalists in the hinterlands of both countries, were usually on good terms with each other. In Klaipeda, two Polish ships, m/s *Rokita* and m/s *Boruta*, became notorious for sparking numerous criminal investigations. All in all, due to the unreliability of the customs administration in Klaipeda, as well as in other non-Russian Baltic ports, it was the KGB that had to carry the bulk of the fight against contraband by operative means – through informers planted in the seafaring crews.

The number of capitalist ships visiting the port of Klaipeda grew steadily through the 1960s and the 1970s. In 1975, the traffic reached 700 ships with about 8,000 servicemen per annum. More than a third of them hailed from the FRG, even “if their ships were camouflaged under the flags of Cyprus, Singapore and Liberia.” There were six liners – *Bremer Norden*, *Bremer Saturn*, *Hornbaltik*, *Alka*, *Inger Klauzen* and *Iris Klauzen* – servicing the regular connections to Hamburg and Bremen. The only other comparably regular guests were the Finish tanker-liners, which recorded up to forty visits per year. A capitalist ship in Klaipeda could normally stay in port up to three days. The merchant fleet of the Lithuanian SSR was composed mostly of tramp ships (34 units), meaning they serviced no regular connections and could be hired at discretion. In 1975, those tramps visited capitalist ports 903 times, in 24 countries. The three most frequent destinations were Bremen, Antwerp and Oxelösund.479

From the 1970s onwards, the Baltic port cities (including Kaliningrad, excluding Leningrad) serviced about a third of Soviet foreign trade. With Leningrad included, this figure

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479 LYA, Fond K-1, Op-46, Delo 962, l. 10, Spravka ob elementakh operativnoi obstanovki i zagruzke operativnogo sostava vo 2, 4 i 12 Otdeleniakh OKGB Lit SSR po g. Klaipede i LMB.
usually exceeded 50 percent.\textsuperscript{480} While Leningrad’s status as the country’s number one port was never under question, other major Baltic cities, such as Kaliningrad, Klaipeda, Riga, Tallinn, but also the smaller cities of Ventspils or Liepaja, held a comparable and still considerable second-rank status, and regularly serviced similar and considerable amounts of cargo and personnel. The Lithuanian port of Klaipeda, for instance, serviced around ten million tons of cargo annually in the 1980s, the local \textit{tamozhnia} cleared 37,000 Soviet sailors and 74,000 pieces of hand luggage, excluding the \textit{inomoriaki}.\textsuperscript{481}

In 1980, the Baltic ports of Klaipeda, Tallinn and Riga held the highest three places Union-wide (respectively) in terms of the value of the so-called ownerless contraband passing through them. The total value of all-Union contraband confiscated among the crews of overseas-bound ships equaled 425,000 rubles. While the values were not impressive in nominal terms (from 28,000 in Riga to 42,000 rubles in Klaipeda), their predominance was indicative of the high incidence of \textit{krugovaya poruka}, which often ran along the nationalities lines in the Baltic, not unlike in the Black Sea region, especially in Georgia. A high ratio of ownerless contraband also signified a potentially high dark (undetected) figure and other phenomena invisible to the authorities. “In contrast to other territorial waters of the USSR,” the KGB complained, “the quality of the Lithuanian fleet exhibits specific negative factors. Approx. 1,000 sailors with kompromats are still

\textsuperscript{480} RGAE, Fond 399, Opis 3, Delo 1793, l. 16-17, Gosplan SSSR, Sovet po izutcheniiu proizvoditelnikh sil (SOPS), Generalnaia Skhema Rozmeshenia Proizvoditelnikh Sil SSSR na Period do 2000 g., Osnovnye polozhene rozvitia i razmeshenia proizvoditelnikh sil soiuznykh respublik i ekonomicheskikh raionov SSSR, Podrazdel Priibaltiiskii Ekonomicheskii Raion, Moskva 1984.

\textsuperscript{481} RGAE, Fond 413, Opis 32, Delo 2639, l. 115.
in service, among them: 180 with a criminal record, and over 400 with relatives in the USA, Canada and the FRG.”

In a typical case of krugovaya poruka, the Russian director of a Latvian sovkhoz entered into collusion (sgovor) with a manager from the LenFinTorg (a company servicing Finland, run by the Ministry of Foreign Trade) named Savenko, smuggled “electric organs” [i.e. a synthesizer] and other musical instruments worth 13,500 rubles, and cleared them as construction materials. As a result, Savenko was arrested. For the Estonians, Latvians and Lithuanians, analogous forms of collusion were also within reach, but usually under a much lower profile. What was also alarming was the fact that the Baltic customs officers and other transport personnel “embarked upon the path of crime on their own [...] and actively sought help from high officials, trying to bribe them with foreign goods and currency. [...] [T]his was the most dangerous channel that we have to liquidate,” insisted the GTU. To prevent further developments in this direction, a number of officials from the LenFinTorg were arrested; others were profilaktirovannye as they “were already getting ready to perpetrate such a violation.” Furthermore, the GTU claimed to be “in the know of many cases” of young cadets joining the customs academies, with the central one in Riga, the seat of the joint MVD-GTU Academy training future officers, precisely in order to be able to find a source of netrudovoi dokhod - unearned, non-labor income.

Between 1965 and 1975, the merchant fleet of the Lithuanian SSR grew by a factor of nearly two, the fishing fleet grew by a factor of three. After 1975, their numbers as well as the level of traffic serviced by Klaipeda had largely plateaued or declined. In 1985, the port serviced

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482 RGAE, Fond 413, Opis 32, Delo 1985, l. 49-51, l. 73.

483 RGAE, Fond 413, Opis 32, Delo 2639, l. 57, 184-185.
400 ‘capitalist ships’ with 10,000 crewmembers, 200-240 of them sailed under NATO flags.\textsuperscript{484} The KGB’s perception of the region’s most pressing threat has not changed since the early 1950s. “The analysis of operational data shows that the secret services of the FRG utilize the channel of international maritime traffic to conduct intelligence and other hostile operations against our country.” It was the regular Bremen line, now serviced by four West German ships, \textit{Hornbaltik, Bremer Horst Bischoff, Bremer Flagge} and \textit{Alka}, that caused the greatest amount of headache in the 1980s. In 1986 alone, Klaipeda was visited by those regular West German liners seventy-five times. The Interclub, the international sailor’s club, was the mother of all subversion. It was there where the particularly unwelcome connections with GDR sailors were often established by the West Germans. Local Germans, however decimated their number by the 1980s, traditionally remained the main target. To counteract this West German threat, the KGB issued a directive coordinating their counterintelligence measures. It was codenamed \textit{Volna} (Wave) and was launched in the early 1980s. The plan developed a “systematic approach to conducting complex agent-operative measures.” As it concluded, forty-seven West German sailors suspected of hostile activity had been registered by 1985. All of their names were dutifully passed on to Section II, Department IV of the KGB in Moscow.\textsuperscript{485}

A usual day in Klaipeda in the 1970s witnessed up to eighty foreign sailors strolling through the city, usually in the late evening hours. Among them, per usual, the West Germans were the main focus of the KGB’s attention. A West German sailor, a DOR (\textit{delo operativnoi

\textsuperscript{484} LYA, K-1, Op-46, Delo 962, l. 4, Spravka ob elementakh operativnoi obstanovki i zagruzke operativnogo sostava 2, 4 i 12 Otdeleniakh OKGB Lit SSR po g. Klaipede i LMB.

razrabotki – operational investigation case) Humorist, “actively maintained contacts with the local Germans, among whom he incited pro-emigrational moods.” A DOR Tyrant, another West German sailor, smuggled the banned NTS magazine *Russian thought (Russkaya mysl)*, and tried to expose the KGB agent codenamed Lira. “These facts are not episodes,” they were apparently a part of a mass phenomenon. Beyond this traditional field of operations, “new tendencies in espionage” emerged after the construction of the pipeline and the *naftobaza* (oil terminal) in Klaipeda in 1974. The West German operative interest in Soviet Lithuania also markedly increased after the construction of the Klaipeda-Mukran (East Germany) train-ferry connection, the main channel of supplying the Red Army stationed in the GDR. Still, the BND kept their interest permanently focused on the traditional nationalities questions in the Lithuanian SSR and “the reactions of population to current events.”

The two cases mentioned above exemplify what *Volna* meant in practice. The codename of the first victim of the KGB’s attention was Humorist. He was a captain in the West German fleet, initially registered as a DOR for espionage. In July 1982, he tried to smuggle black caviar and was intercepted, punished with a fee of 1,000 DM, compromised in front of his crew and banned from the USSR for five years. The second DOR’s codename was Tyrant. He was a senior mechanic serving in the West German fleet. Tyrant was handled by the agent codenamed Lira, who invited him to her private apartment, where he expressed hostility toward the USSR and took anti-Soviet journals out of his bag. More ominously, he managed to establish a personal relationship with a telephone operator employed at the merchant port, who told him about the local phone tapping practices. He also engaged in contraband deals, facilitated by the operator, which

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486 LYA, Fond, K-1, Op. 46, Delo 966, l. 5-6.
were eventually intercepted by the border control units, with literature, watches, jeans and cash worth 12,000 rubles in total. He was banned from entering the USSR for five years.\textsuperscript{487}

6.1. Kaliningrad, the Faithful Outpost or a Basket Case?

Kaliningrad was, after Leningrad and Riga, the third major regional center of customs control in the Baltic region. The RSFSR’s youngest oblast was added to the Pribaltiiskoe Basseinoe Upravlenie (PBU, the Baltic Waters Administration) in 1953 and was subordinated to the Riga Customs Office, which also included the seaports of Ventspils, Liepaja and Klaipeda.\textsuperscript{488} The city hosted a special customs consultation center, where tamozhenniki offered consultations for all kinds of seafaring personnel navigating the Baltic. They also published the Maiak [Lighthouse] journal and distributed it among the crews,\textsuperscript{489} as well as a bulletin for the party and state organs that reported on “all violations” committed by the employees of maritime institutions in the Baltic region.\textsuperscript{490} As of 1981, the Kaliningrad Oblast stationed fifteen independent points of control responsible for customs clearance, employing fifty servicemen. 3,000 overseas-bound ships were cleared by those points annually, including 700 fishing boats, 300 river boats, 60 scientific and 100 military vessels. This volume of traffic was serviced by 40,000 units of railway transport, 1,500 military trucks, 5,000 shipping parcels delivered to fishing crews at sea, and 11,300 parcels for passengers that separately followed some vessels that were too small to have

\textsuperscript{487} LYA, Fond, K-1, Op. 46, Delo 966, l. 3.

\textsuperscript{488} State Archive of Kaliningrad Oblast (GAKO), Fond 361, Opis 1, Delo 291, l. 2, 19, Otchiot o rabote с kadrami Pribaltiiskogo Basseinovo Upravlenia Puti za 1953 god.

\textsuperscript{489} RGAE, Fond 413, Opis 32, Delo 2639, l. 18.

\textsuperscript{490} RGAE, Fond 413, Opis 32, Delo 1894, l. 83.
them onboard. Approximately 120,000 Soviet sailors passed through the port annually, excluding the very large contingent of military personnel.\(^{491}\)

Winter months in the Baltic, with their frequent storms and short days, were not the most pleasant that the region had to offer. What made them even bleaker was the fact that the harder the winter, the more likely it was that the sea would freeze. This in turn meant more traffic in the two ice-free ports: Soviet traffic in Kaliningrad and international traffic in Klaipeda. The winter of 1954/55 was particularly cold, and with all the other Soviet Baltic ports frozen, this meant over 400 extra ships to service for both ports, and in Kaliningrad: 69 more ships returning from the ‘capitalist overseas.’ This led to a situation where a single KGB agent was meeting with six-eight undercover sailor-agents daily to interrogate them on the operatively interesting details of their journeys. This workload had obviously “negative influence on its quality.” Per usual, the Baltic ports sent requests for more manpower and resources to do their job properly.\(^{492}\)

Kaliningrad was a port city and an oblast in a league of its own. It was both a model and a unique tamozhnia. Because of the extra investment in terms of personnel and equipment, it enjoyed a reputation of one of the most bulletproof shipment screening facility in the country.\(^{493}\) By the 1980s, it boasted the highest number of prizes won at the annual competitions organized by the GTU: 5, followed by Grodno: 4, Brest and Vyborg: 3.\(^{494}\) On the other hand, it was the only Baltic port permanently closed to foreigners. Therefore, the local officials could focus all of their

\(^{491}\) RGAE, Fond 413, Opis 32, Delo 2639, l. 105.


\(^{493}\) RGAE, Fond 413, Opis 32, Delo 1894, l. 83.

\(^{494}\) RGAE, Fond 413, Opis 32, Delo 484, l. 37.
attention to controlling domestic citizens. Due to the enhanced resources and solid reputation of Kaliningrad’s customs office, it was a frequent practice to unexpectedly re-direct a suspect homebound vessel after it crossed the Danish Straits to Kaliningrad, for the most thorough inspection available in the Baltic.

Despite the “significantly enhanced professionalism” of the inspectors working in the Kaliningrad Oblast and “the growing number of the true enthusiasts of their profession, who worked thoughtfully, diligently, with a passion to uncover,” “the results of the war on contraband were unsatisfactory,” according to the chief of the Kaliningrad таможня. Both the selection of ships to be controlled as well as the control itself still included “too many failures.” The main problem, he argued, was that “the traffickers were studying us [the officers] more attentively than we were studying them, they began to work more professionally than ever before. Out of the 437 contraband cases registered over the past three years, 42 percent of the investigations (186) failed to identify the perpetrators.”

The most serious and systematic failure was related to the closed status of the Oblast. It was caused by the fact that those ships based in Kaliningrad that did not have a permission to visit foreign ports were not controlled upon return. As it turned out many years later, many ships, in particular fishing ships, that were stationed on the high seas, came into contact at some point with those ships that could visit foreign ports. What ensued was rendezvouses that were not registered by the relevant authorities at home. After a few “selective controls on those vessels in the late

495 RGAE, Fond 413, Opis 32, Delo 2639, l. 106.
1970s, the results unambiguously demonstrated that, from now on, all the ships had to be controlled, without exception.\textsuperscript{496}

Special as Kaliningrad was, the contrabandists were aware of its \textit{tamozhnia’s} limited resources, and they knew that a full surveillance team of three or more inspectors could perform a full search only “rarely.” Sometimes, a full search could take an entire day and produced negligible results, such as the search on a scientific-exploratory ship of the \textit{PromRyb} [Fisheries], which yielded fifteen pairs of jeans and two pornographic journals, which did not qualify as \textit{krupnaia kontrabanda}, and was thus not rewarded by Moscow.\textsuperscript{497} According the head of the Kaliningrad \textit{tamozhnia}, the “weakest link” was that “no one carried responsibility” for the faulty accounting upon the reception of imported goods. The seamen’s favorite excuse was that the weight of cargo could not be determined accurately in choppy high seas. One of the more spectacular cases registered by Kaliningrad in 1980 was a \textit{nedomer} [under-measurement] of 400 tons of cocoa, either sold on the black market or delivered to a Beriozka store.\textsuperscript{498}

As everywhere else in the Baltic, Kaliningrad’s \textit{tamozhnia} struggled with high levels of participation of the merchant navy officers in some of the criminal activities perpetrated by the crews they commanded. In 1981 and in the first half of 1982, 46 officers were found participating in smuggling, including three captains and three doctors of medicine onboard. Between January 1980 and July 1982, the \textit{tamozhnia} registered 54 cases of contraband worth nearly 38,000 rubles. Its director admitted frankly that he did not believe in the effectiveness of “prophylactic-

\textsuperscript{496} RGAE, Fond 413, Opis 32, Delo 2639, l. 114.

\textsuperscript{497} LYA, Fond K-1, Opis 58, 47733/3, Ugolovnoe Delo 5/78, l. 45.

\textsuperscript{498} RGAE, Fond 413, Opis 32, Delo 1894, l. 93.
educational work.” Only “active interception” and merciless penalization could lead to some results.\(^{499}\) This statement, uttered publicly in the presence of many high Soviet officials in Tallinn, many of them from the KGB, was reflective of the barely concealed reserve of some echelons of the Soviet nomenklatura toward communist ideology as such, especially toward its usefulness as an instrument of influencing societal processes. This was particularly true with respect to the ‘commanding echelons’ of the fleet. Veteran Soviet seamen, world-class professionals whose expertise was not easily disposable, had seen too much of the world to be swayed by a politruk’s empty waffle.

What became a relatively new problem in Kaliningrad in the late 1970s were “the speculative tendencies” registered in the automobile aftermarket. By 1979, the port had become one of the main inlets of new and used cars imported from the West. In particular, the city became a regional center of aftermarket parts and second-hand vehicles. According to the tamozhnia’s chief D. A. Shishkov, that phenomenon was caused by a legal loophole (‘Instruction on Duty-Free Import of Auto Parts…, Point 12.A.’) which encouraged some “unscrupulous individuals (especially sailors)” to import car parts “in unlimited amounts” and up to two cars per person. Even in those (ambiguous) cases when the tamozhenniki were able to collect a duty tax, the charge was “not significant enough” to curtail the flow of automobiles and parts.\(^{500}\)

Nonetheless, Kaliningrad, in Moscow’s perception, remained the only truly reliable port and tamozhnia south of Leningrad. Stalin’s insistence on endowing Russia with an ice-free port in the Baltic in Potsdam in 1945 did turn out to be a prudent move, especially in the cold 1970s. By

\(^{499}\) RGAE, Fond 413, Opis 32, Delo 2639, l. 110.

\(^{500}\) RGAE, Fond 413, Opis 32, Delo 475, l. 69-70. Tsirkuliarnye pis’ma Glavnogo Tamozhennogo Upravlenia, tom 1, April 1979 g., Decree 112-II/206.
then, it had become a common practice to re-direct vessels scheduled to return to a different Baltic port to Kaliningrad first. The Estonian ship *Roshal*, for example, entered the port of Kaliningrad on August 1, 1980, and was found smuggling 186 pairs of jeans worth 15,200 rubles. The subsequent investigation revealed that the initial capital for that purchase had been obtained by smuggling out silver (rate 999) that was then sold in Antwerp. Upon the discovery, the captain admitted that he had a deal *[sgovor]* prearranged with an officer of Tallinn’s *tamozhnia*, which failed to bear fruit due to the ship’s surprise diversion to Kaliningrad. This case led to a major KGB investigation.501

The tactic of unexpectedly diverting vessels to Kaliningrad became common in the 1970s. This practice is exemplified by the complex case of the merchant ship named *Elec*. The vessel left the port of Klaipeda and sailed to Emden and Hamburg in October 1976. On October 23, 1976, the ship returned to Kaliningrad. This journey resulted in thirteen volumes of the joint criminal-contraband (MVD-KGB) case no 26-93/76. Upon preliminary and unexpected inspection in Kaliningrad, the ship was discovered to be carrying 209 female wigs ("100 percent kanekalon, modacrylic fiber, made in Korea") and two balloons filled with “Original TW 1000 Super schutzt Sie” tear gas from West Germany, hidden in the cabin no 89. The illicit cargo was worth 16,720 rubles, and its shipment was recognized as a violation of paragraphs 77 and 143 of the Criminal Code of the Lithuanian SSR. After the preliminary investigation was over, the persecutor decided to upgrade the investigation to the senior interrogator “for particularly important cases” of the investigative branch of the KGB by the Council of Ministers of the Lithuanian SSR, Lieutenant

501 GAKO, Fond 1, Opis 2, Delo 13, l. 74-77, Otchiot Kaliningradskoi Tamozhnii za 1980 god.
Colonel Linjaskas, and his assistant, senior investigator Captain Raditis. The KGB’s investigation revealed that the Elec had in fact smuggled 398 female wigs worth 27,860 rubles. All in all, the case involved thirteen convicts, thirteen thick volumes of files, months after months of interrogations and in total: over a year of intensive judicial proceedings.

Upon departure in Klaipeda, a sailor named Nabeev told his comrade Matveevich: “it would not be a bad idea to otovaritsia [get some supplies] in Hamburg.” Matveevich agreed. Upon departure, Nabeev was in possession 340 DM “earmarked to purchase some goods in Hamburg, deliver them back to the USSR and resell them.” How did he get the 340 DMs? After disembarking from the Elec’s previous journey, around midnight, he went to the Klaipeda cocktail bar Neringa to get some champagne. There, he met two girls (20-24 years of age), or so he told the KGB, selling DMs for rubles one:one. This story was made up, as it turned out later in the investigation. Nabeev was serviced by professional currency changers whose names became known only in the concluding phase of the investigation. The 340 DMs were hidden upon departure in the ship’s galley.

Other items making it out covertly to Hamburg alongside the currency were the hallmarks of Soviet illicit export: icons. Icons could be liquidated easily in the West to obtain the hard currency necessary for shopping. The crucial step in Hamburg was to make sure there was no informer in the small group (5-7) of sailors who went ashore, and that the acts of purchases remained invisible. There were many stores in Hamburg where one could communicate freely in

502 LYA, Fond K-1, Opis 58, Delo 47733/3, volume I, l. 3, 5, 93-95, 100.
503 LYA, Fond K-1, Opis-58, Delo 47733/3, volume III, 317.
504 LYA, Fond K-1, Opis-58, Delo 47733/3, volume III, 320.
Russian. On average, each member of the small group bought forty female wigs. The nearly four hundred wigs that had ultimately been purchased were delivered by the salesman to the port of Wendel (a northern suburb of Hamburg) by a microbus at 2am. Such arrangements had to be extremely precise, as the margin for error was non-existent. As soon as a sailor made it back to the Soviet Union with the imported goods intact, “a buyer could always be found. [Selling] wigs in Klaipeda presents no problem at all. Sailors are surrounded and solicited by women in stores and other spots in the city [...] If I cannot sell them this way, I would sell them to the komissionyi magazin,” a pawn-shop, a sailor told the KGB. Demand was also infinitely flexible for all kinds of AV equipment. A Grundig tape recorder that made it from Rotterdam to Donetsk, even when broken, could still be sold for 400 rubles.505

Elec’s illicit cargo was hidden in an unoccupied cabin that had undergone renovation the previous summer, which guaranteed a complex enough diffusion of responsibility if captured. Everything went according to plan until the crew learned that the ship was not going back to Klaipeda, but to Kaliningrad. The KGB’s branch in Kaliningrad belonged to the RSFSR, while Klaipeda’s fell under the jurisdiction of the Lithuanian SSR, which was of more importance than a monolithic view of the USSR permits. The communication between the two branches was not always streamlined, to mention just one aspect. The RSFSR branch was to be taken much more seriously, needless to say, also because the local Baltic branches prioritized traditional political-nationalist criminality and deviations, even at the expense of the illicit private economic activity. The two cities also differed markedly in their respective demand and supply equations. Klaipeda boasted an officially recognized commission store [kommissionnyi magazin], right by to the main

505 LYA, Fond K-1, Opis-58, Delo 47733/3, volume III, 110, 255.
bazaar in town. In general, a higher level of private entrepreneurship was either tolerated, uncontrollable or both. The *kommisionnyi magazin* was where sailors went to look for local women interested in purchasing wigs. In this case, one sailor sold 25 wigs for 40 rubles each, a return of 1,000 rubles for the 100-200 rubles invested.\textsuperscript{506}

Nonetheless, Kaliningrad was not entirely immune to the kinds of phenomena more widespread in Klaipeda. Hand-to-hand trade did take place even on the theoretically strictly monitored port grounds. Sometimes, two ladies dressed as laundry service would approach immediately after the sailors disembarked. A few barbershops specialized in servicing the returning sailors, right by the *Atlantika* restaurant. The price per wig in Kaliningrad was also 40 rubles, a sign of a pan-Union black market convergence.\textsuperscript{507} Another hotspot was the *Albatros* bar where one could purchase goods with the VTB checks [hard-currency bills from the *VneshTorgBank*].\textsuperscript{508} It was not only the petty private trade that crept into the Kaliningrad Oblast through the Baltic. The period of *zastoi* also saw a growing commercialization of the local real estate. Desire “to accumulate some money to purchase a cooperative apartment” was a frequent rationale given to explain one’s involvement in trafficking.\textsuperscript{509}

Soviet foreign-bound sailors were given a green light to import foreign cars (*inomarki*) back into the country in January 1976 (*MinVneshTorg* Instruction No 411, November 12, 1975).

\textsuperscript{506} LYa, Fond K-1, Opis-58, Delo 47733/3, Volume III, 201.

\textsuperscript{507} LYa, Fond K-1, Opis-58, Delo 47733/3, Volume I, 210, 213, 216.

\textsuperscript{508} LYa, Fond K-1, Opis-58, Delo 47733/3, Volume III, 95.

\textsuperscript{509} LYa, Fond K-1, Opis 58, Delo 47733/3, Volume I, l. 213. More on this issue, see: GAKO, Fond 231, Opis 6, Delo 297, l. 10-22, Spravka o prestupnoi deiatel'nosti chlena KPSS nachal'nika Tresta Torremstroii, Morozova Nikolaia Stepanovicha.
One car per family, after four years abroad, was allowed for those who were permanently stationed abroad, and in some capacity connected to a Soviet institution cooperating with an officially recognized foreign partner. In 1970, 300 cars were imported to the USSR (60 foreign cars), while in 1975 the figure was 427 (69). Brand-new *inomarkas* imported by Soviet citizens did not exceed 20 per year prior to 1975: “Soviet artists, cultural figures, members of sport delegations” were the only ones who could dream of such a privilege. By 1978, the number of imported vehicles reached 20,000. The main culprits of that dramatic increase were the Red Army personnel in Hungary, the GDR, Poland and Czechoslovakia, as well as maritime professions of all kinds.\(^{510}\) There were two main ports servicing home-bound shipment: Szczecin for the military, and Antwerp for everyone else.\(^{511}\)

The Kaliningrad-Antwerp line had become the main inlet of automobile import into the USSR by the late 1970s. Responsible for this state of affairs were certain peculiarities of Belgium’s registration system, namely: the country did not require the originals, merely copies of the car’s title and registration, which made them easier to falsify. By 1978, Kaliningrad’s *tamozhnia* registered a rapidly growing flow of cars purchased in Belgium and shipped from Antwerp. In February 1979 alone, 30 *inomarki* from Antwerp were cleared through Kaliningrad’s port. After a series of exchanges with the Soviet consulate in Belgium, the falsification problem was identified as the root cause. The scandal reached the Soviet consul general in Belgium and the director of the GTU in Moscow, as well as top officials of the *MinVneshTorg* and *MinMorFlot*. It threatened to

\(^{510}\) RGAE, Fond 413, Opis 31, Delo 9848, l. 24-26, *Instruktsia o poriadke tamozhennovo kontroliia za avtomashinami, prinadlezhhashimi litsam, sleduiushim cherez gosudarstvennuu granitsu SSSR, vvedennoi w deistvie z ianvarya 1976 g.*

\(^{511}\) RGAE, Fond 413, Opis 31, Delo 9848, l. 28-31, *Spravka o nekatorykh voprosakh, kasaiusheksia deiatelnosti konsulskikh i tamozhennykh uchrezhdenii, 15 July 1978.*
reach the diplomatic surface. Needless to say, by 1980, the General Secretary’s penchant for foreign limousines had become recognized worldwide. It could certainly become deleterious to the USSR’s prestige if that fact could be somehow linked to the recent increase in the purchasing power of Soviet seamen in Belgium. The GTU authorities could not do much, however, since they had no influence on internal regulations in Belgium, and thus the practice continued because it remained nominally legal.512

By late 1979, the MinMorFlot realized that the phenomenon of maritime car import became “practically uncontrollable.” According to a MinVneshTorg regulation, the Soviet inomoriaki had to pay a much higher tariff for imported cars older than four years. Consequently, “illicit sdelki with foreigners” proliferated. The goal was to obtain “falsified documents” that would conceal the true mileage and value of the cars. Other sailors imported vehicles not for their own personal use, as the regulation specified, but “for the purpose of speculation,” leading to an “unhealthy air of agiotage, marring the honor and dignity of Soviet sailors.” Intermediaries quickly appeared abroad and at home, all specializing in supplying the Soviet sailors, not refraining from dealing in “stolen and crashed cars.” This situation was a result of insufficient market research on the regulations and aftermarkets in foreign countries. The Soviet sailors were learning faster than their state. Apart from the prestige damage incurred, “the moral and political harm to the good name of our maritime transport and the Soviet state,” the vibrancy of the automobile market led to a series of “negative press publications” abroad reporting on the recent business operations of Soviet sailors in Western Europe. “This phenomenon has recently become of interest for the foreign organs of police, secret services and various other organizations hostile to us.” This led to a temporary halt to the practice.

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512 RGAE, Fond 413, Opis 32, Delo 475, l. 93-116
New instructions were issued in 1981. One had to work for at least five years as a sailor and possess “positive professional and moral-political qualities,” purchase a car only under the personal watch of a captain, “only in the countries where information about the prices and conditions of purchase were known.”

6.3. The Germans

The single most dangerous, potentially subversive national minority in the Baltic region was its sizeable (several million) group of former, and the much smaller group of current, German residents. This applied particularly to Szczecin, Gdańsk, Kaliningrad and Klaipeda, of course, but was also a set piece of KGB’s intelligence picture in the more northern ports as well, which, even if not politically a part of the German world since the sixteenth century, housed millions of Baltic Germans before World War II. Those Germans who somehow had managed to survive and remain in their homelands by the 1950s, began to be perceived by the KGB no longer as obvious targets for another wave of deportation or emigration, but more as a ‘bourgeois relic,’ and thus as a convenient scapegoat for all kinds of negative phenomena. “Through external observation and agent-object [conversations] we have concluded” – a KGB officer wrote – “that the inomoriaki, especially the West Germans, often visit the families of local Germans such as the Jurgans and the Lekbants. [Those families are composed] of morally fallen people, who organize binges and have sexual intercourses with the sailors. Those families were handed [sic] [formal] requests to let them leave for the GDR, they await their decision now.” The KGB often used the allegedly subversive role of the remaining German minority, however small or subjugated it was, to fabricate a

513 RGAE, Fond 413, Opis 32, Delo 482, l. 253-255, Perepiska s ministerstvami i vedomstvami po tamozhennym voprosam, tom 2, 1979.
*kompromat* justifying their transfer to the brotherly GDR, or to the center of the Eurasian landmass, where their exposure to hostile West German propaganda would be less likely.514

Prostitution and sexual incontinence were among the favorite ‘vices’ exploited by the KGB when preparing compromising material. They usually went hand in hand with a ‘materialist’ weltanschauung of the delinquent, but not the one prescribed by Marxist dialectical materialism. The Baltic Germans were regularly accused of “implicating underage girls” and for offering pritons, criminal dens where “libertine activity” [rasputnichanie] of Soviet citizens was underway. The “citizens of German nationality,” such as a certain woman named Kurshite who lived in Krettinga, were suspect by definition. They were seen as potential collaborators with subversive West German operations and as major carriers of hard currency, especially if they were known to “have rich relatives” who would send packages from the FRG “with foreign currency, which they [then] deposit in a bank.” “I have deduced that he [the local German] might have foreign currency and decided to do some reconnaissance” – a Lithuanian black marketeer confessed in the 1960s. His deduction turned out to be true, as Dutch guldens and pornography were first found upon his own, and later, a KGB inspection.515 Memel’s suburb of Krettingen (in prewar nomenclature) was apparently not purged thoroughly enough after the war. Moreover, some West German sailors were often able to skillfully navigate through the cities they remembered well from their youth. For instance, Bernard Cibulinski (born in 1924 in Königsberg), was captured spying in Klaipeda

514 LYA, Fond K-18, Op-28, Delo 85, l. 94-95.

in 1986. He fell under the radar because he was “capable of finding his way alone in the city” and of spotting the wharfs where the Soviet Baltic Fleet was stationed.\footnote{LYA, Fond K-1, Op-46, Delo 972, l. 166, Kanal Inostrannogo Morskogo Sudokhodstva, Orientirovki KGB..., Litearnoe Delo no 1332.}

Between 1980 and 1982, several departments of Lithuania’s KGB jointly ran a major disinformation operation codenamed Boomerang. The experienced KGB undercover agent Maria was tasked with establishing contacts with prominent activists of the Lithuanian emigration in the FRG as well as with the former German residents of Memel. Using his [yes] position as a sailor, Maria’s responsibility was to spread false rumors [a deza, in KGB’s lexicon] about a non-existent dissident organization in Lithuania. The Lithuanian diaspora was provided with personal data including mailing addresses and was encouraged to send letters and support. The make the whole thing look credible, Maria was supplied with addresses of the former Memellanderovtsy – meticulously kept in the KGB records. “Lithuanian diaspora is the most numerous [of the Baltic republics]. Already in tsarist times and in the period of bourgeois [interwar] Lithuania, up to one million Lithuanians emigrated to the US and other countries. Most of them have already assimilated and do not actively participate in the hostile activities of anti-Soviet émigré communities.” After 1940, 100,000 more had emigrated, according to KGB estimates, most of them to Germany. “They often do engage in anti-Soviet activity supported by the CIA and other organs.” Especially the WLIK – The Supreme Committee for the Liberation of Lithuania – based in Pfullingen near Stuttgart, was reportedly generously supported by the CIA. It was they and the
émigré Catholic clergy who were consistently singled out as among the most dangerous enemies.\textsuperscript{517}

The West German BND was considered as the most challenging counterpart in the Baltic by the KGB throughout most of the postwar period, perhaps with the exception of the 1940s, when there was no organized West German intelligence work to speak of. The West German intelligence agency was known to conduct a “deep and comprehensive study of Soviet seamen, [to] monitor their fulfillment of service duties, [to] study their collegial relationships, their attitude to the management, [to] register various mistakes in their work, violations of financial discipline, etc. The enemy’s aims to use the gathered materials for [the sake of] provocation and blackmail, thus trying to exert psychological pressure on our people, intending to force them to collaborate.” According to the KGB’s “operative data,” the captains of the West German ships that visited Soviet ports were required to submit a quarterly report about the behavior of their crews in those ports. “Each sailor, who goes on leave, has to submit a similar verbal report about his vessel and the captain.” Each foreign sailor who appeared on the BND’s radar had his own file, just like in the KGB.\textsuperscript{518}

Suspicious individuals who fell under the KGB foreign counterintelligence radar quickly gained their own personal files in their records. Operative work against a DOR \textit{Podstrekatel} (Instigator), a West German citizen and a taxi driver in Bremen, had been underway since 1982. “In 1984, the experienced agent ‘Staryi’ [the old one] took over his case. We have received

\textsuperscript{517}LYA, Fond K-1, Op-46, Delo 962, l. 76, Primernaia Sistema Mer po Vyavleniiu i Proverke Podozritelnykh Sviazei Innostrannykh Moriakov iz Chisla Sovetskikh Grazhdan, May 18, 1981.

\textsuperscript{518}LYA, Fond K-1, Op. 46, Delo 972, l. 58-59, Spravka no 179 na innostrannykh moriakov zasluzhivaiushikh operativnogo vnimania, 1985 god.
information that [Podstrekatel] lures our agents into big hard-currency-contraband deals,” and into intelligence work. Another object of surveillance, Delets [Businessman], earned his own DOR in 1977. “In 1980, in connection with the increasingly complex international situation, Delets intensified his operations and began visiting Soviet ships again. He used Transnautik as a cover to send off his frontline boy to recruit Soviet sailors. For one of them, he bought medicine worth 150 DM, gave a jacket worth 1,000 DM to another.” In February, Delets became officially employed at Transnautika and thus was granted a convenient excuse to socialize with Soviet crews regularly, “to organize trips to town and other cultural and sporting events, including escapades beyond the city limits.” A popular destination was “the bazaar in Bremen where our sailors often buy fashionable clothes.”

Another representative example of a DOR was the owner of a port store in Bremen named Jan Rozhak, who was a former citizen of the USSR born in Lithuania in 1941. The KGB began screening Rozhak in March 1984, when he received his codename: Tania. Serving as a steward on the Bremer Horst Bischoff, he visited the city of Klaipeda between 1977 and 1981. Tania systematically engaged in hard-currency deals with the dockworkers and established permanent connections with Soviet sailors. His wife, Dana Latozhaite, was a saleswoman at their family store located at Waller Ring 19 in Bremen. She was a former resident of Klaipeda. When a Soviet sailor came by, she praised the quality of her émigré life and “seduced him into hard currency deals.”

Behind the main chamber, there was a special komnata otdykha (relaxation room), where a captain could walk in alone to be served a cold north German beer. The room was tapped, the KGB suspected. To attract Soviet sailors to his store, Tanya gathered compromising material on his

store’s competitors, “pointing to their relationship with West German authorities and with ‘Solidarity’ in Poland.” To prevent any undesirable happenings, many Soviet sailors who were about to visit Bremen were “prophylactically forewarned” about the dangers awaiting them at the Waller Ring.520

An analysis of similar files allows for the recognition of a pattern developed over time by the KGB, both domestically and externally. As soon as a serviceman on a Soviet ship appeared on the KGB’s radar for any reason, a DOR file was opened, and he was given a codename (e.g.: Fritz) as well as an okraska (coloring, designation of the kind of criminality he was suspected of committing, e.g. Izmena Rodine v forme shpionazha – betrayal of the Fatherland through espionage). The same formula applied to foreign nationals visiting Soviet ports. In November 1980, for instance, the boss of Transnautik was picked for “operative selection” (operativnaia podborka) and received his codename – Fritz. The justification was that “while [he was] present in the port of Klaipeda in June 1978, he walked alone displaying good orientation along restricted-access pathways on the port-grounds” and frequented “spots convenient for instantaneous meetings or secret operations.” He was accused of trying to recruit Soviet captains to work for the enemy.521

If a DOR’s activity was deemed serious enough to threaten state security, the KGB sought to gather kompromat sanctioning legal action. The DOR Bruno was a captain on a West German ship. In June 1985, in accordance with the decree no. 99 of DKBF and 23 of DKPO [border control units], an “operative experiment was conducted. When Bruno was onboard his ship in Klaipeda, a

520 LYA, Fond K-1, Op. 46, Delo 962, l. 91-85.
submarine was launched near the merchant port.” A KGB agent who observed Bruno’s reaction recorded that he began paying attention to the boat – possibly an indication of his undercover espionage mission – “but upon realizing that it was a trophy German boat from World War II, he lost interest immediately.” Altogether, at least 101 West German sailors were taken under surveillance by the KGB as DORs in the 1980s.522

The worst-case scenario for the Soviets unfolded when a West German sailor visiting a Soviet Baltic port succeeded in getting to know and marrying a local woman, who then followed him to Germany. One such case involved a resident of Klaipeda who moved to Hamburg in 1980. She had earlier served in the Soviet border troops as a reconnaissance officer, thus obtaining access to information that could compromise the work of the local Soviet authorities. But the KGB was not necessarily always on the defensive in the Cold War Baltic. They could boast of having top West German naval officers on their payroll as well. Some of them kept the KGB up to date on US weapon shipments to the Middle East. Altogether, 38 attempts to recruit foreigners were undertaken by the KGB agents in Klaipeda in the early 1980s. More frequently than not, the KGB used the currency deals perpetrated by their targets to encourage the violators to help the Committee in other areas deemed more strategically important.523

S. V. Dedkov, a sailor working on the Lithuanian fleet between 1979-1983, was captured selling six pairs of jeans that he had purchased in West Germany for 132 DM. He sold them to some friends in Klaipeda for 1,020 rubles, earning a handsome profit of 971 rubles, a krupnyi razmer of speculation. In Baku, those jeans could be sold for over 3,000 rubles, the investigators


found during the trial. This price differential alone rendered the Baltic cites an attractive travel destination for residents of the country’s landlocked oblasts. What got Dedkov in trouble was the fact that his was a systematic operation. He smuggled jeans from West Germany per each trip, whenever he had the chance to do so.\textsuperscript{524} He tried to go beyond the golden mean, which, according to sailors’ common wisdom, was to service the regular lines to the FRG and ‘import’ quantities small enough not to fall under the definition of \textit{krupnaia kontrabanda}. This meant, however, that one had to keep a constant watch on the convoluted and changing accounting system across several currency regimes and across the official/unofficial market divide. \textit{Krupnaia kontrabanda} (such as the carpets worth 42,705 rubles from Sierra Leone) could land a Soviet citizen in a labor camp for six years, depending on how the court clerk wished to calculate the value of a single carpet delivery from Sierra Leone.\textsuperscript{525} The riskiest step by far was purchasing (i.e. not subscribing to the official signup list) an \textit{inomarka}, something that was bound to raise the eyebrows of KGB operatives. Furthermore, this investigation uncovered that the managers of one restaurant in Klaipeda were systematically charging fees for restaurant entrance (3 to 25 rubles), a previously unseen degree of commercialization.\textsuperscript{526}

If locals were found dealing in foreign currency in Klaipeda, especially without any direct participation by foreigners or trafficking, KGB counterintelligence units were not charged with pursuing the case. It was “the MVD’s area of competence to deal with `melkie valiutchiki’” [petty

\textsuperscript{524} LYA, Fond K-1, Op. 46, Delo 981, l. 193, Postanovlenie o vvedzenii ugovolovnogo dela, December 27, 1984, gorod Vilnius, l. 193.

\textsuperscript{525} LYA, Fond, K-1, Op. 46, Delo 981, l. 192.

\textsuperscript{526} KRSA, Fond 539, Op. 1, Delo 4, 75-78.
currency speculators], while the KGB had to take care of more serious jobs such as espionage.\textsuperscript{527}

At the same time, the KGB never lost track of the hard currency deals perpetrated by foreign-bound sailors. But more frequently than not, they used them as a hook to recruit agents for other purposes. That strategy did not mean that black market trafficking, especially in its international dimension, was not a serious issue. In 1975, 27 Soviet sailors were arrested for hard currency deals.\textsuperscript{528} In 1984, five hard currency dealers in Klaipeda were sentenced to prison time for their actions. The Soviet press remained relentless in their educational work against the ‘aficionados of easy profit.’\textsuperscript{529} Still, hard currency criminality was just one among the many tasks that the KGB oversaw. It receded to the back burner especially in moments of heightened international tension. Nonetheless, the black market ‘specificity’ of the Baltic was always a convenient excuse to ask Moscow for more resources.

In the first half of the 1980s, the KGB registered a spike in hostile recruitment efforts. “In the ports of Hamburg and Kiel, for example, Soviet sailors were approached by West German undercover agents with that aim on numerous occasions.” The unit coordinating these hostile maneuvers in Hamburg was the British Strategic Intelligence Service, or at least that was how it appeared to the Soviet side. “This ‘service’ is camouflaged as one of the branches of the West German fleet,” they believed. Agents “were buried deep in the companies that are in touch with our sailors, including the well-known Transnautik, Karl Tideman, Kapitan Walter Müller, Fisser Linien Agenturen [sic] and others.” “There is not a single case of a [Soviet] inomoriak,

\textsuperscript{527} LYA, Fond K-1, Op. 46, Delo 962, l. 197, Spravka po analizu sostoiania roboty z agenturoi iz chisla moriakov zagraneluaniia…

\textsuperscript{528} LYA, Fond K-1, Op. 46, Delo 962, l. 15, Spravka (untitled, 1975).

\textsuperscript{529} LYA, Fond K-1, Op. 46, Delo 962, l. 78, Primernaia Sistema Mer po Vyiavleniiu i Proverke Podozritelnykh Sviazei Inostrannykh Moriakov iz Chisla Sovetskikh Grazhdan, May 19, 1981.
[temporarily] arrested in our port for trafficking or any other reason, that will not remain without the attention of the BND.”

By the 1980s, West German ports became particularly notorious for being a source of all kinds of ‘subversive’ contraband, including weapons, explosives and pornography. In two typical examples, the Novomoskovsk delivered industrial amounts of tear gas from Bremen in 1981, while the Warnemünde brought in unprecedented numbers of pornographic magazines from Hamburg in 1982. FRG-bound ships were also notorious for the highest incidence of beskhoziainaia kontrabanda. “Those criminals used practically all spaces which could be accessed: the dining hall, the smoking room, various agricultural and industrial cargo rooms, changing rooms, shower rooms and other.” The generally increasing clout of the West German economy in the region was also reflected on the black market. By the 1980s, D-Marks were competing with US dollars as the number one hard currency lubricating the Polish black market. They constituted 18 percent of the intercepted incoming currency contraband versus 17 percent claimed by US dollars. In the USSR, the dollar remained the number one hard currency (31 percent), but the fraction of D-Marks reached 12 percent in 1979 and challenged the supremacy of the dollar in the 1980s. With the Polish ships largely out of business in the Soviet Union in the first half of the 1980s, it was the West and (to a lesser extent) East Germans who carried on the legacy. Even more perniciously to communism’s domestic appeal, the German ports of Kiel, Bremen, and most importantly, 


531 LYA, Fond K-1, Op. 46, Delo 962, l. 196, Spravka po analizu sostoiania roboty…

532 RGAE, Fond 413, Opis 32, Delo 1893, l. 23-24, Doklad ob obmene opyтом borby s kontrabandoi valiuti, blagorodnykh matallov i izdelii iz nikh, (1980, undated).
Hamburg, became a popular byword for a different, better life in the West, all across the communist controlled Baltic shores and beyond.

A big *proverka* (internal audit) run by Section II of Department IV of the KGB took place in Soviet Lithuania in 1986. It pertained to the state of counterintelligence work on the fleet, particularly on the regular cruise lines. As usual, the Bremen line occupied the center of attention. A new phenomenon registered by the KGB was the trade union of ship chandlers that apparently served as a BND cover to officially approach Soviet sailors with meet-and-greet delegations in Bremen. What the auditors found remarkable was also the usage of lie detectors by the West Germans for the first time. The investigation exposed another series of BND-run shell companies servicing Soviet ships. A new plan for counterintelligence work was designed for 1986-87. “The most experienced and trusted [nadezhnye] agents” were sent to Bremen to counterbalance this new intensity of BND’s activity.533

Reagan’s ideological offensive eventually reached the distant Baltic shores as well. “On the maritime front, with ever increasing intensity, one feels the consequences of the aggressive course of the Reagan administration and his allies towards the USSR,” the KGB reported. This new course manifested itself in the strengthened border and surveillance regimes in capitalist ports, “high penalties in foreign currency” for trespassing, and more frequent controls of the feared “black brigades” of the customs administration. “Secret surveillance became particularly burdensome in West German ports,” the KGB observed. Soviet sailors were exposed to the works of dissident Soviet authors “(Solzhenitsyn, Pushakev, Pasternak, Korchnoi, Fedoseev, Djilas)” in

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all kinds of ways. *A Chronicle of Human Rights in the USSR* was among the most undesirable publications smuggled onto Soviet ships, and so was the *Vakhta* (Watch) journal, written specifically for Soviet sailors. The Transnautik company in Bremen, present in the KGB books for decades, was now recorded sending anti-Soviet literature directly to a captain’s home address in Lithuania. An agent in Kiel delivered the Frankfurt-published anti-Soviet journal *Strana i Mir*, Country and the World. The intensity of this new ideological warfare was so remarkable that the agents were overwhelmed and not able to do their job as specified by the KGB Decree No 0077-1963, designated to deal with the ‘ideologically hostile materials’ smuggled through maritime channels. In Klaipeda, 267 cases of confiscation of such materials were registered in 1984, totaling 1,402 items. The Soviets replied in kind: “from the vantage point of the Interclub, we work to propagate the Soviet way of life among foreign sailors and to engage in counterpropaganda.” Sixteen agents and ten confidants (*doverennye litsa*) were covering this exposed position.534

Since “the activity and complexity of imperialist secret services has increased greatly,” special subdivisions multiplied within the KGB accordingly. “The work on foreign maritime traffic counterintelligence in the city of Klaipeda and in the Lithuanian territorial waters is led by the Second Department of OKGB.” It numbered eleven officers and over 100 informers. Under surveillance of this department were, for example: The Repair Shipyard of MinMorFlot no. 7, Klaipeda’s *tamozhnia*, Inflot, Soiuzvnestrans, Torgmortrans as well as other organizations where Soviet citizens came into contact with foreign sailors such as: Klaipeda’s interclub, the Klaipeda-Mukran ferry connection with East Germany, or the oil terminal. Klaipeda’s municipal buses and taxis were also under selective surveillance. As of February 1986, the Second Department’s pool

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534 LYA, Fond K-1, Op. 46, Delo 962, l. 74-76.
of informants (\textit{agenturnyi apparat}) consisted of 137 confidants, that is: thirteen per one KGB officer. Seventeen operative cases were run at the time, mostly hard currency deals or espionage, and thirty \textit{orientirovki} on \textit{inomoriaki} were held active. The Fourth Department, the counterintelligence shield on Soviet foreign-bound ships, had 128 informers (for ten active officers) and ran eleven operative cases. The Twelfth Department, boasting upwards of 350 informers, dealt with counterintelligence on the vessels of the Litrybprom [Lithuanian Fisheries], and two factories of the Zapremrybflot. The Lithuanian Fishing Fleet had 249 ships and 10,130 workers with passports. Besides, the counterintelligence shield was also spread around the management of the Litrybprom factory, Klaipeda’s trawl fleet base, Okeanrybflot base, Rybkolkhoz Baltiia, Maritime Academy, Maritime School, to mention just a few from a very long list of places and institutions.\textsuperscript{535}

The information provided in this chapter pertains exclusively to the civilian branch of the KGB’s competence. Its military branch was of course a matter of an entirely different caliber. The two cooperated only rarely and the Baltic Coast was one of the few places where this cooperation was more active than elsewhere. “With coordination with the intelligence unit of 23 DKPO [border control], the naval base in Baltiisk, and with support from the customs and police, we conducted operations to expose, prevent and intercept the information gathering activity by foreign sailors about [our] military objects, their planting of illegals, delivery of weapons and ideologically hostile literature, trips of sailors outside of the city, desertions abroad and other.”\textsuperscript{536} The major Soviet naval base in Baltiisk, guarding the access to the Vistula Lagoon and to Kaliningrad, was of course...

\textsuperscript{535} LYA, Fond K-1, Op. 46, Delo 962, l. 4-6, Spravka ob elementakh operativnoi obstanovki…

\textsuperscript{536} LYA, Fond K-1, Op. 46, Delo 966, l. 6, Spravka o rezultatakh kontrazvedovatelnoi raboty II Otdela KGB SSSR po g. Klaipede i LMB po borbe z podryvnoi delatnostiu spetssluzhb FRG s ispolzovaniem ekipazhei zapadnogermanskikh sudov, poseshaiushikh port Klaipeda za 1981-1984 gg.
at the heart of that joint cooperation between the civilian and military branches. Klaipeda’s strategic position at the mouth of the Curonian Lagoon was also a vital and similarly exposed position, even if it never neared the top security priority assigned to Kaliningrad.

The Baltic front was merely a small part of the larger Cold War landscape. The local authorities had little effect over the directionality of the ebbs and flows of geopolitics or summit diplomacies. But the Baltic region was certainly an early-warning barometer indicative of the incoming weather, one of its most vulnerable and sensitive receivers, and a region where the new international trends were observed with heightened attention. Among the many twists and turns of the Cold War, the switch to détente in the early 1970s was of decisive significance for the region. In the Soviet-German context, decisive was the long-term agreement on trade and economic cooperation signed on July 5, 1972, which “envisaged the creation of more favorable conditions for the development of trade and economic cooperation between the USSR and the FRG, and the creation of a structure of trade exchange.” While the local KGB tried to do their best to minimize the West German channels of influence, they could not revoke the treaty or stop the incoming ships with their people, goods and ideas. All that was left for them to do was damage control.

Similar developments held generally true of the US-USSR relations. According to an agreement between the two countries signed in the early 1970s, 81 research-scientific boats from America could now visit USSR. In 1972, forty Soviet ports were open to American ships, the largest number in history. In the KGB’s view, this shift was used by the CIA to intensify the more technologically advanced forms of intelligence gathering. A prominent example of that was the

visit of the US ship *State of Maine* in Leningrad, when – according to the Soviets – a new type of antenna for radio espionage was deployed. The Soviets were consistently linking what they saw as increased enemy activity at a given moment with major international events such as the Helsinki Conference. In their words, détente was merely a ploy to engage in “less visible, smarter and more sophisticated” intelligence warfare on the maritime front. At its heart was an intensification of the earlier forms of informational warfare with a new emphasis on human rights. In other words, just because the sheer amount of contact surface between all kinds of actors across the Iron Curtain became much larger, this by definition had to lead to an intensification of the phenomena described in this dissertation.

The maritime channel activity was “one of the main tasks of the opponent,” the KGB believed. In the UK, this front was serviced by the BIN-53, a subunit within the Fourth Department of the Strategic Intelligence Service, which was delegated to work on socialist countries, also under the guise of the “Grupa Ruskoi Orbity” intelligence unit. In Montreal, the main coordinating center was the “Permanent Consulting Coordinating Commission, composed of the secret services of the United States, Canada, the UK, the FRG and France, charged with planning and execution of actions on the maritime line.” In Stockholm, camouflaged as a shipping company named DEA, a Swedish military intelligence unit Maritime Operations Group II operated under the Ministry of Defense. It targeted the Leningrad Oblast and Estonia by using the merchant navy vessels to test some new radio espionage equipment. For example, the Swedish ship *Reks*, servicing the Tallinn-Stockholm line regularly, was one of the favorite vessels for such operations.

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538 LYA, Fond K-1, Op. 46, Delo 962, l. 13, Spravka (untitled, 1975)

539 LYA, Fond K-1, Op-46, Delo 962, l. 24, 27, Spravka po materialam Pervovo i Vtorovo Glavnych Upravlenii…
At home, each Soviet citizen suspected of subversive activity was also registered in the KGB database with a suitable okraska [coloring or category]. On the maritime front, one of the regulations governing the distribution of okraski was the Decree No 0076 from 1977. It included categories such as: espionage, betraying the motherland, flight, anti-Soviet agitation, violating currency regulations, and trafficking, to mention just the most common categories. More than half of the manpower of Klaipeda’s KGB was devoted to counterintelligence work on the maritime front. In general, the amount of attention paid to the ideological and to the enemy overseas was so great, that – if only due to manpower reasons it was bound to relegate combating the low-profile black market at home to second-rank priorities. This was certainly true with respect to the cadres’ selection and appointment process. The accessible archival documents demonstrate beyond doubt that – regardless of the twisted sinusoid of the intermittent, on-and-off anti-corruption campaigns – the most promising cadets were usually sent to the counterintelligence front abroad, leaving the domestic socioeconomic arena to the rest. In the mid-1980s, a total of 360 KGB informers worked on Lithuanian ships, half of them belonging to the komandnyi sostav. At the same time, KGB officers admitted in internal reports that the only real counterintelligence work was done in West Germany and Buenos Aires. The Argentinian capital was one of the largest centers of the Lithuanian diaspora. On the contraband front, the KGB registered a flourishing “video-business” incoming from Buenos Aires, which became particularly intense in the late 1980s. The rest amounted to a waste of time as the contacts were too erratic, they believed. Whatever benefits all this counterintelligence brought for their country, it was soon to be critically undermined, in the

540 LYA, Fond K-1, Op-46, Delo 962, l. 197, Spravka po analizu sostoiania roboty…

541 LYA, Fond K-1, Op-46, Delo 972, l. 98, Kanal inostrannogo morskovo sudokhodstva, materialy po portam Ameriki.
words of Klaipeda’s KGB chief A. I. Armonas, by “democratization and glasnost,” not to recover until better times in the new millennium, but no longer in Klaipeda.⁵⁴²

6.3. Why not Odessa?

Maritime contraband had always been a core part of the underground foreign trade into and out of the Soviet Union. It accounted for 10 to 20 percent of all contraband intercepted in the 1970s, but its real contribution must have been higher as it had the lowest detection rate. In 1980, the number of all detected maritime contraband cases in the Baltic region was 1,630 (655,000 rubles), which constituted ca. six percent and four percent of all-Union contraband cases in numerical and value terms respectively. This figure grew to eight percent and five percent in 1981 and was equivalent to roughly half of the maritime contraband detected in the Soviet Union.⁵⁴³ In 1982, 13 percent of all detected contraband in the Soviet Union was perpetrated by sailors, and 17 percent of the so-called ownerless contraband was their doing. Thirty-three percent was claimed by foreign tourists, 28 percent by international students, 13 percent by Soviet officials on a foreign komandirovka, a business trip. The ranking of ‘capitalist tourists’ by number was as follows: Finland: nine percent, Syria: eight percent, Greece: seven percent, FRG and USA: four percent.⁵⁴⁴

It has to be admitted, however, that while the Soviet Baltic was an important inlet of contraband and a permanent source of trouble, its underground had to acknowledge the unquestionable

⁵⁴² LYA, Fond K-1, Opis 46, Delo 962, l. 209, Otchet OKGB po g. Klaipede i LMB o khode vypolnenia reshenia Kollegii KGB SSSR ot 29 Avgusta 1986 g, ‘O merah usilenya borby z podryvnoi deiatelnostiu na morskom kanale.’

⁵⁴³ RGAE, Fond 413, Opis 32, Delo 2639, l. 97.

⁵⁴⁴ RGAE, Fond 413, Opis 32, Delo 2640, l. 179-181.

Odessa, however, was not a city in an independent state in the interwar period and was not affected by the Ribbentrop-Molotov Pact, or at least: not directly. Pribaltika had always been recognized as a potentially more destabilizing element. This was especially true after the birth of Solidarity in Poland. This area was also important strategically because of the intensity of the German exposure, both past and present. The Black Sea usually meant tourism, leisure and spectacular (yet comparatively rare) cases involving gold, silver, art or jewelry. The Baltic was more of a workhouse, a regular importer of shirpotreb with inexhaustible supplies of hard currency from the neighboring capitalist countries, with the D-Mark becoming dominant in the 1980s. From a political point of view, the logistical workhouse of the Baltic was potentially more problematic not only because of its well-known nationalities problem. It was such because Istanbul had never been perceived as a ‘near-abroad’ potentially as alluring as Stockholm, Copenhagen or Hamburg.

What is remarkable is the degree to which some KGB officials used the language of ‘capitalist economics’ to capture the kind of reality they were facing, certainly in the 1970s. “The war on contraband [borba s kontrabandoi] could not be successfully waged without taking into account the business cycle [konjunktura]. As it is well-known, konjunktura is determined by demand and supply, both on the domestic and foreign markets.” Those were the words of a senior KGB official stationed in Vilnius in 1973. It is also interesting that, already in the 1960s, the fartsovshiki in Klaipeda insisted on calling themselves ‘businessmen’ when they socialized

545 RGAE, Fond 413, Opis 31, Delo 9865, l. 28-29, Aktualnye voprosy tamozhennovo kontrolia v morskikh i rechnykh portakh, Biuletin No 3 (20), August 1978.
546 RGAE, Fond 413, Opis 32, Delo 2639, l. 63.
with the *inomoriaki*, foreign sailors.\textsuperscript{547} At the same time, the politically correct approach to such phenomena could not yet ostensibly deviate from Marxist-Leninist orthodoxy. For example, the profit from smuggling wigs from Western Europe and selling them on the black market was considered *netrudovoi dokhod*, non-labor, unearned income. This peculiar term was a direct legacy of the original Marxist-Leninist approach to trade as such. All the endeavor, movement and risk it took to supply Soviet citizens with exotic goods that satisfied their needs did not count as work. But Marxism-Leninism was on its way out in the 1970s. To understand the genesis behind the explosion of ‘violent-entrepreneurship’ in Russia after 1991, studying the incomparably more peaceful Soviet underground economy, and the pioneering role of port cities, is absolutely essential.

The more their fight against the black market seemed to backfire, the more stubbornly did the KGB stick to the communist moral high ground, standing tall and proud above the vulgar profit-seekers. In an internal guide on how to foresee “poor ethical conduct of Soviet sailors” and prevent a hypothetical event of recruitment or desertion, the KGB listed the early warning signs indicating a potential traitor. Next to the rather obvious “enthusiastic utterings about the Western way of life, the quality of services, finances and goods,” it also mentioned: “underdeveloped feeling of patriotism,” “positive evaluation of dissident activity,” “religious prejudice associated with nationalism,” “poor family relations, interest in pornography, sexual deviation, greed, materialism, indebtedness, proclivity to contraband, egoism, autonomy, individualism,” to mention just a few qualities from the much longer list.\textsuperscript{548}

\textsuperscript{547} LYA, Fond K-1, Opis 58, Delo 47424/3, l. 114-115.

\textsuperscript{548} LYA, K-1, Opis 46, Delo 964, l. 171, Spravka o lichnykh kachestvakh i povedenii sovetskikh moriakov, k kotorym protivnik osushestvvlial verbovochnye podkhody.
Maritime contraband exacerbated the ideologically problematic issue of social stratification in the motherland of world communism. It happened to be particularly acute in port cities, for all the reasons described in this dissertation. Soviet Klaipeda, for example, had always struggled with her incorrigible dockworkers constantly stealing imported citrus fruit, not in the least because everyone knew that maritime managers, sailors, and their friends consumed them on a daily basis. “They cannot be purchased in stores, and I wanted to bring some for my children,” said a woman who stole 1.5 kg of oranges from a port depot in 1977, for which she was fired from work.\footnote{KRSA, Fond 539, Opis 2, Delo 231, Zasedania tsekhovovo komiteta gruzovovo raiona ot 31.01.1979 goda.} In Kaliningrad, in a typical month of May 1977, 17 kg of pineapples and 170 kg of oranges were stolen from port depots. The figures for June of that year were 82 kg of oranges and 49 kilograms of meat. In a record theft of 1973, over 1,000 kg of oranges were stolen. “A major part of the stolen goods” was never seen again.\footnote{GAKO, Fond R-17, Opis 1, Delo 733, Dokumenty proverok gruppy narodnogo kontrolia.} The same problem applied even more urgently when it came to such consumer delicacies as stylish clothes and cosmetics, not to mention the ultimate trophy: \textit{inomarkas}.

In the final analysis, the regime’s strategy of importing such delicacies for select groups of Soviet citizens backfired because it undermined the egalitarian ideology, which was noticed by ordinary citizens, especially quickly in port cities. Even high school students in Klaipeda were perfectly aware that there were distinct classes of consumption available in the Soviet Union. While this was perhaps true of the entire period between 1917 and 1991, what had changed by the late 1970s was the fact it was not so much the heroes of socialist labor who enjoyed the deservedly exquisite fruits of their labor, but it was increasingly people from the margins, the same people
who had been under a permanent ideological pillory and (theoretical) social ostracism. In the author’s opinion, the processes described here did at least as much to undermine the ideological robustness of the system as any other.

In the spring of 1989, in his Klaipeda office, the undercover KGB officer codenamed Weis met with an Interclub member Dalej Walajtite. Dalej, a Lithuanian by birth, worked as a German language teacher in Klaipeda’s Maritime Academy. She has just defended her dissertation in Vilnius. Walajtite informed Weis about the new social movement for creating a society for Lithuanian – German friendship. This time it was not merely about establishing contacts between mainland Germany and the remaining German community in Klaipeda, but also with the citizens of Lithuanian nationality. Weis learned all about a certain professor of the Vilnius University (Kazimieras Antanavičius), who was one of the main advocates of this idea. Walajtite read about the professor’s plans in a newspaper, got in touch with him and became personally engaged in the project. She recommended that the seat of the association should be located in Klaipeda, not in Vilnius, as it was where the Germans were usually to be seen, and where some remnants of the German community still survived. To Weis’s surprise, she also recommended Klaipeda’s Interclub for the new association’s headquarters. Weis forwarded this information to his superiors. They had nothing against the proposal and advised Weis to become engaged in the new society, for intelligence purposes, of course. They did not think the Interclub was a good idea for its seat, however, as “it is a club for sailors after all.” The final sentence of this report, written on April 19, 1989, read: “given the circumstances, it is worth keeping in mind that the Germans who had left consider the Klaipeda region as a German land, and the Lithuanians should not count on too much
from their side.” The KGB captain who wrote those words had apparently lost his sense of geopolitical orientation and did not detect whence the wind of change was blowing.\textsuperscript{551}

Klaipeda’s Interclub tested the limits of just how much of the Hanseatic was allowed (or not) in the Soviet Bloc before 1989. It was soon to transform itself into something entirely new. Along the long way since 1945, the Interclub and its little-known transnational adventurers had helped to transform entire societies and bring the Soviet empire to an end.

\textsuperscript{551}LYA, Fond K-1, Op. 46, Delo 966, l. 179, Spravka po vstreche z agentom WEIS, no 25633, 20 April 1989.
Chapter V

The East German Kommerzielle Koordinierung:
An Undercover Engine of Capitalism in the Model Socialist Society

7.0. Schalck

Alexander Schalck-Golodkowski, a Stasi Oberst in besonderen Einsatz, a colonel in special capacity, passed away on June 21, 2015. He was 83 years old. Schalck, as he was usually called by his subordinates, had spent most of his life’s last quarter-century in a remote mountain retreat in Bavaria, his career having ended three weeks after the fall of the Berlin Wall. But his death did not pass unnoticed. All major German evening TV news services marked his passing, most with a few minutes of extended commentary. The most watched show, the Tagesschau, painted a picture of his career in colors appropriately dark for one of the most influential and enigmatic figures of the Honecker regime.552 True, Erich Mielke or Erich Honecker usually had the last word, yet Schalck’s aura of power perhaps overshadowed theirs after 1989. “One never saw his face at the time. His role became known only after die Wende,” recalled an East German academic a few years ago.553 The strings that Schalck pulled remained nearly always behind the scenes. It was only in late October 1989 that the general East German audience was served the first glimpse into who Schalck was and what he did. In a short documentary prepared by a student TV studio, he


was introduced as “a thoroughly competent foreign trade expert.” As Schalck was to learn soon, that still appropriately sycophantic material had already been the first step in the new leadership’s campaign to present the East German public with an appropriate “scapegoat responsible for the failed policies of the Party and State leadership.”554 A month later, under cover of a dark December night, Schalck crossed the border to West Berlin. By mid-December, he was in the hands of the BND, the West German intelligence agency.555

Schalck will be immortalized as the boss of the covert East German foreign trade agency named *Kommerzielle Koordinierung* [KoKo], Commercial Coordination. The agency was created by the Stasi and designed to obtain the *Devisen* (hard currency) to finance the regime’s needs. To achieve that objective, there were not too many things that the KoKo was not allowed to do. In the 1990s, in re-unified Germany, several ‘parliamentary investigative committees’ examined KoKo’s operations in depth.556 The massive volume of evidence unearthed by the investigations, especially with respect to the connections between the KoKo and the West German ruling circles, was the origin of many a political scandal that shook the newly unified Republic. That material also became the main source base for several thick scholarly publications.557 A recent one, Matthias Judt’s


Bereich Kommerzielle Koordinierung, was published in 2013. It has been reviewed as a definitive statement on the subject by several experts. Such an impression is indeed hard to resist given the scope and depth of Judt’s volume. To be sure, the German-language scholarship on the topic is quite extensive. Given the penetrating scrutiny with which the KoKo has been examined on all levels, from academia to talk shows, it is unlikely that some consensus-challenging evidence is yet to emerge. Nevertheless, the new evidence presented in this chapter adds some new detail to what is already generally known in Germany. All the more surprising however, given KoKo’s fundamental importance for understanding the entangled histories of both Germanies, is the fact that merely a few English-language publications that mention KoKo’s very existence have appeared so far. To my knowledge, no analysis more extensive than a few paragraphs exists.

The value of my contribution thus lies both in a few archival discoveries, but also in presenting this thread of German history to the English-speaking audience for the first time.

On November 30, 1989, Schalck asked Hans Modrow, the freshly appointed Prime Minister of the GDR, to proceed carefully with the democratic reforms and, more importantly, to


559 See the following TV coverage: Talk in Turm (Sat 1), 1990, accessed May 5, 2017, https://www.youtube.com/watch?v=diTyAU9B3G0

retain the secret status of KoKo’s main weapons depot in Kavelsdorf, located a few miles south of the GDR’s main seaport, Rostock. The privacy and interests of KoKo’s numerous foreign clients had to protected, at least until everything is shipped out, Schalck argued. Modrow neglected Schalck’s concern.\footnote{Egmont Koch, \textit{Das geheime Kartell: BND, Schalck, Stasi & Co} (Hamburg: Hoffmann und Campe, 1992), 260.} On December 2, hundreds of Rostockian opposition activists stormed the Kavelsdorf depot.\footnote{Roland Hartig, "Die friedliche Revolution 1989 in Rostock," Denkmal soll an die Wende 89 in Rostock erinnern, accessed on May 5, 2017, \url{http://www.rostock-1989.de/pinnwand/denkmal-soll-an-die-wende.html}} They were greeted by the sight of Wieger StG940 assault rifles, the East German version of AK-47, packed in boxes and ready to be shipped out to Iran. In total, there were about eighty cargo trains worth of weapons stored inside at the moment when the unwanted intruders opened the gate. But what really shocked the activists were the authentic National Socialist paraphernalia, ready for delivery to unidentified clients.\footnote{Die Behörde des Bundesbeauftragten für die Stasi-Unterlagen (BStU), MiS, BV Rst Leiter No 976, l. 3, Informationen des Chefs der Bezirks Behörde der Volkspolizei in Zusammenhang mit den Ereignissen im Objekt Kavelsdorf, 1989.} The storming of Kavelsdorf was the moment when Schalck decided that it was time to leave the GDR, a country he served faithfully since the 1950s. One of the activists present at the moment of storming was Joachim Gauck, the future Bundespräsident. Present were also numerous activists of the \textit{Neues Forum}, who would soon begin to play leading political roles in reunified Germany.\footnote{Hannes Bahrmann, \textit{Chronik der Wende} (Berlin: Ch. Links Verlag, 1999), pp. 23, 51.} It is worth reflecting that Schalck did not run away after the Wall collapsed, but three weeks later, after KoKo’s Rostock depot was stormed.

The day after Schalck’s escape, the authorities occupied his office at Wallstraße, the command post of the KoKo, right on the bank of the Spree River in central Berlin. Crowds of
curious onlookers followed. The Wallstraße headquarters soon became a popular stand-in symbol for the SED nomenklatura and its hidden privileges, not unlike Yanukovych’s Mezhyhirya estate after the Euromaidan in 2014. Among its many luxurious pieces of furniture and paraphernalia imported from the West, a large model of the MS Kap Arkona, shining behind a glass screen of an in-built wall closet, immediately caught the visitor’s eye. The ship was the GDR’s one and only oceanic passenger cruiser. The large model version that Schalck received was a gift from the state trade union, the FDGB, a personal expression of gratitude for his services to the working class of East Germany.565

Why is a separate chapter on the KoKo necessary to understand to revival of the Hanseatic League in Central Europe? So far, this dissertation focused mostly on the usually autonomous actions of individual citizens, sometimes coming together to form small groups united around a certain business purpose, and the efforts of the communist policing apparatuses to hinder or control their activities. The intensity of this policing relationship was taken to the highest level in East Germany, and the next chapter explores this theme in depth. But it was not just the intensity of policing that was extraordinary in East Germany. That country also created an institution that, for a long time, had no equivalent in communist Poland or the USSR. In East Germany, the state not only policed the economic sphere, penalizing its citizens severely for profit-oriented operations defined as illegal. It also proactively crowded them out from the black market by establishing its own mechanisms aimed at acquiring hard currency, by all possible means. The KoKo was in charge of those operations. As this chapter will demonstrate, the East German state embraced

measures that were illegal both in light of international and of socialist law, and unabashedly expressed the intention to do so in internal documents and correspondence. Moreover, the maritime sector of the East German economy, with its heart in the old Hanseatic city of Rostock on the Baltic, was an absolutely essential link in the process of generating hard currency income. The need to do so was urgent enough to catapult the GDR’s merchant fleet from non-existence to one of the largest fleets on the planet in the 1980s, and to make the Republic’s level of world trade openness per capita one of the highest in Europe.

Ultimately, the effort proved futile and did not prevent the GDR from facing bankruptcy. Nonetheless, the extensive ‘backchannel’ contacts established by the KoKo with the class enemy number one, the FRG, allowed the regime to obtain hard-currency loans from West Germany in the 1980s, and thus a new lease of life, which was an option inaccessible to other Soviet satellites after Ronald Reagan’s embargo, introduced in the aftermath of the Polish Martial Law in December 1981. The kind of social stratification and strife, to which the kinds of ‘Hanseatic’ phenomena described in this dissertation had contributed in Polish and Soviet port cities, did unfold in East Germany as well, but they were less acute, also thanks to the state’s more thorough and proactive, institutionalized policing effort, not to mention the higher fence beyond which the same kinds of nomenklatura corruption processes took place, rendering the consumption of its fruits less conspicuous. Had there been no Solidarity, Gorbachev or the surprise opening of the Hungarian-Austrian border in 1989, the regime and its main money-maker, Schalck’s KoKo, could have well kept on going for much longer.
7.1. The Public Should Know! *Staatliche Finanzrevision Valutakontrollgruppe*

Two weeks after Schalck’s flight west in December 1989, the first of the many investigative commissions was established to screen the (il)legality of Koko’s operations. Its full name was *Staatliche Finanzrevision Valutakontrollgruppe*, the State Hard Currency Finance Audit Group.\(^{566}\) That commission, unlike the later Bundestag investigations, was still run by the GDR’s own judicial organs. The Audit Group was a part of the larger Special Commission of the Council of Ministers for Investigating Office Misuse and Corruption in Connection with the Operations of the Kommerzielle Koordinierung Department.\(^{567}\) In February 1990, the final report was ready for viewing. It had been prepared by a large team of inspectors from the Ministry of Finance headed by Helmut Jarauch, KoKo’s internal auditor, who had supervised multiple earlier annual audits in the 1980s. Those earlier reports, however, were de facto merely internal balance sheet surveys and thus, as Jarauch admitted, were largely rituals in bureaucratic irrelevance. Relishing his newly acquired prerogatives, he introduced the 1990 report in the following manner: “*[s]o far, the Bereich Koko has never been audited by the State Finance Audit. The control over that department had been exclusively in the hands of its director, Dr. Schalck, in accordance with the Decree of the Chairman of the Council of Ministers from September 14, 1972.*”\(^{568}\) After 1977, Schalck’s KoKo was responsible only to Günter Mittag, the secretary of the CC of the SED. As a consequence of that internal party arrangement, the Ministers of Finance and Foreign Trade, as well as the

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\(^{566}\) Bundesarchiv (BArch), DN 1, Doku no. 38899, Ministerium für Finanzen und Preise, Staatliche Finanzrevision, Valutakontrollgruppe, Berlin 4.4.1990, Protokoll.

\(^{567}\) Sonderkommission des Minister Rates zur Untersuchung von Amtsmißbrauch und Korruption im Zusammenhang mit der Tätigkeit des Bereiches Kommerzielle Koordinierung.

\(^{568}\) BArch, Doku no. 38899, l. 2.
Chairman of the State Planning Committee, had no prerogative to peer into KoKo’s books. This first real investigation took place in the first weeks of 1990, but the real KoKo bosses were already abroad, in hiding, or had otherwise fallen from grace. On paper, its key departments were now headed by former secretaries, Meta Blessing and Waltrud Lisowski.

KoKo’s “leading economic organ” was Hauptabteilung I, the First Department. “It managed domestic and foreign cash flows as well as other financial operations generating hard currency profits. It was also responsible for the financing and delivery of consumer goods for the privileged persons. Its other tasks were: the execution of special businesses [Sonsergeschäfte], in particular in the construction industry, and with the tolerated [officially allowed] religious and church communities of the GDR, the execution of extra-plan imports, in particular of motor vehicles and of office technology for the special-need customers [Sonderbedarfsträger] [...]. All operations of the First Department were subject to strict confidentiality.” Due to KoKo's autonomous and undercover status, its “cash flows often fell victim to gross negligence and legal violations.” Furthermore, since “the cash resources were handled extremely recklessly and negligently, [...] their use for the sake of manipulation and personal enrichment cannot be excluded,” the auditors acknowledged. “The system of secrecy governing the operations of the KoKo Department I led to circumstances in which both the managers and the staff were subject to hardly any control and made financial decisions arbitrarily.” The control over KoKo’s financial

569 BArch, DN 1, Doku no. 38923, Appendix 3, l. 28, Bericht über wesentliche Feststellungen aus der Prüfung des Bereiches Kommerzielle Koordinierung des Ministeriums für Außenwirtschaft.

570 BArch, DN 1, Doku no 38899, l. 1.

571 BArch, DN 1, Doku no 38899, l. 1-3, 16.
flows was “in no way in accordance with [...] the relevant regulations.”

Due to that state of affairs, transactions were often carried out “on oral instructions” and similarly informal management techniques. To give just one example, on November 2, 1989, ca. 666,000 USD were withdrawn from the account no. 0745 by Schalck’s secretary Ms. Brachaus, without any receipt or other paper trace. “[I]t was unusual to issue receipts,” Frau Wilkening replied when questioned by the auditors. “The whereabouts or utilization of those funds could not be established,” the report concluded.

From the mid-1980s onwards, the commission found, some parts of KoKo's annual profit, which oscillated around half a billion USD in total, began to evade the state coffers. Some of the more interesting threads of the first audit report begin with an insight that “it is not clear, from the submitted materials, how the access procedures to foreign bank accounts were regulated. For some of the accounts in Germany and abroad, Dr. Schalck’s or Mr. Seidel’s signatures alone were sufficient to obtain access. Immediately after Dr. Schalck’s escape to West Berlin, that prerogative was cancelled by the Ministry of Finance and Prices.” At the same time, all of KoKo's assets in Vienna’s Kathrein Bank and Bankhaus Hugo Kahn were frozen. According to the investigation, 1.58 billion VM [1 VM = ca. 1 DM] worth of KoKo's funds were held in foreign banks. In early 1989, 14.4 million VM (ca. 1.5 million USD) were transferred by Schalck to a bank in Zurich, on top of 35.5 million VM that had been moved there in 1988. That particular Zurich account had

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572 BArch, DN 1, Doku no 38639, Anordnung über die Ordnungsmäßigkeit und den Datenschutz im Rechnungswesen und Statistik vom 6.8.1985, GB 1, No. 23/85.

573 BArch, DN 1, Doku no 38899, l. 8, 17.

574 This figure was “partially incomplete” since only limited access to bank data could be obtained by the commission at the time. BArch, DN 1, 38899, l. 8.
been opened on January 18, 1985. It could be accessed, apart from the bank’s director Max Moser, only by Schalck, his wife Sigrid and Manfred Seidel. The Zurich account no. 12332 was just another in the whole sequence of accounts starting with the account no. 12000, with the first one opened in November 1979. In June 1988, 5 million DM (not VM) were transferred by Schalck to an account named Calvados at the Schweizerischen Bankverein in Zurich. The commission was unable to find out who was in charge of that account. After Schalck’s escape, over 47 million DM were immediately withdrawn from Switzerland and moved back to the GDR’s Deutsche Aussenhandelsbank AG. Another 67.8 million DM were eventually moved back from the accounts held at the Bank für Handel und Effekten in Zurich. But these sums were just a small fraction of six billion VM of KoKo’s assets, including 21.2 tons of gold, which were nominally transferred to the East German federal budget balance sheet, but most of them have never been seen again. As of 2017, none of the gold has been located.

From the report prepared by the KoKo Audit Commission, it can be inferred that Schalck and several of his partners were indeed preparing for some kind of a DDR-exit scenario as early as 1985. The operations of moving KoKo funds to the Swiss and Austrian banks markedly

575 BArch, DN 1, Doku no. 38899, Appendix 3, l. 9; Brief Modrow, Berlin, 2.3.1990, Anlage 6, p. 3. Among other foreign banks used by KoKo were the following: Schweizerischen Bankverein Zürich (5 Million VM), Schweizerischen Bankverein Lugano (50.4 Million VM), Schweizerischen Bankverein Genf (20 Million VM), Sydbank Kopenhagen (1 M VM), Kahn u. Co, Schweiz (10 M VM), Zentralsparkasse Commerzialbank Wien (50 M VM), Bank für Handel und Effekten, Zürich (0.1 M VM), Kathreinbank Wien (50 M VM), Privatbanken AG, Kopenhagen (10.9 M VM). In total, approximately 150 million USD were stored in various more or less secret accounts abroad in late 1989. Appendix 7. For more details, see: Dieter Lösch / Peter Plötz, *Die Bedeutung des Bereichs Kommerzielle Koordinierung für die Volkswirtschaft der DDR*, Gutachten im Auftrag des 12. Deutschen Bundestages 1. Untersuchungsausschuss Kommerzielle Koordinierung, [in:] Deutscher Bundestag, Bericht des 1. Untersuchungsausschusses des 12. Deutschen Bundestages, *Der Bereich Kommerzielle, Koordinierung und Alexander Schalck-Golodkowski. Werkzeuge des SED-Regimes*, (Bonn: Bundestag, 1994), pp. 100-103.

accelerated in 1989. That year, 145 million VM were transferred to foreign banks, alongside purchases of gold abroad worth up to 100 million VM.\footnote{BArch, DN 1, Doku no. 38899, Appendix 3.} In the final analysis, it is impossible to provide an estimate of how big a part of KoKo's assets ‘evaporated’ or were otherwise misappropriated, and what part returned to its nominal owner, the East German Volk. Scholars have provided various estimates, and some operations of the Wendezeit chaotic transition are sometimes too messy to disentangle.\footnote{For the most recent account, see: Andreas Förster, Eidgenossen contra Genossen: Wie der Schweizer Nachrichtendienst DDR-Händler und Stasi-Agenten überwachte (Berlin: Ch. Links Verlag, 2016).} The operations mentioned above are just a tip of the iceberg, but are nonetheless symptomatic of the general mixture of secrecy, corruption and creative accounting on a global scale that characterized the KoKo from moment of its inception in 1966, until its sudden death in 1989.\footnote{For the best primary source selection, see: Horst Fischer, Schalck-Imperium: Ausgewählte Dokumente (Bochum: N. Brockmeyer, 1993).}

The auditors could not emphasize “the special position of the KoKo in the foreign trade sector” of the GDR enough, and were particularly outraged by the fact that “the competences associated with that [position] led to the demands and the granting of privileges arbitrarily and outside of the existing legal regime.”\footnote{BArch, DN 1, Doku no. 38899, l. 3.} As in all countries of real existing socialism, cars were among the most coveted professional perks of the foreign trade nomenklatura. “For a certain closed circle of persons,” the auditors wrote, “selected mostly by Herr Dr. Schalck and Herr Seidel,\footnote{Manfred Seidel, second in command in the KoKo after Schalck, another special purpose officer in Stasi (OibE), \textit{Offizier im besonderen Einsatz}.} there existed a possibility [to order both] new and used vehicles from [...] abroad as well as various
kinds of high-value consumer goods and spare parts from the NSW [the non-socialist economic zone].” The distribution of automobiles to the party nomenklatura was managed by Manfred Seidel while Honecker, Mittag and Schalck were personally responsible for, for example, assigning the right amounts of subsides to be paid out in VMs for each car imported from abroad. Sometimes, rebates or even “donations” were offered for certain preferred customers, with twelve such cases occurring in 1989 alone. Vehicle registration papers were handed over by Schalck and Seidel in “closed envelopes to unknown persons.” Essential extras such as CB radios or leather seats from the NSW were ordered on demand. In 1989 alone, 800 cars were ordered this way by Schalck and Seidel, counting only those officially registered in the books.

The Minister of Culture was also a frequent customer at KoKo’s. “Upon request from a leading functionary of the Ministry of Culture and Science (letter from Herr Adameck to Herr Dr. Schalck from May 6, 1988), Mr. Schalck, in coordination with Herr Dr. Mittag, has ordered 300 Peugeot cars.” The purchases of those cars were subsidized by KoKo’s flexible hard currency funds (5.1 million VM) and distributed among the Ministry’s dignitaries, as well as among “a circle of persons” working for the Industrieverband Fahrzeugbau (IFA), a daughter KoKo company. Foreign cars could also be bought through one of KoKo’s original founding firms: the Genex, Geschenkdienst- und Kleinexporte GmbH. For example, if a GDR citizen maintained contact with an aunt in the FRG, the aunt could order the normally inaccessible automobile via the Genex, which could subsequently be picked up by a relative in the GDR. This opportunity led to

582 Valutamark (VM) was the GDR’s foreign trade currency unit, its value was pegged to the DM, and oscillated around four times the regular domestic East German Mark on the official market.

583 BArch, DN 1, Doku no 38899, l. 26-28.

584 BArch, DN 1, Doku no 38899, Appendix 7.
blatantly “unsocialist relations reflected in the proverb that ‘socialism did not distribute its goods according to performance, but according to the aunt's place of residence’.” The Genex boasted ca. 230,000 clients in the NSW, but its physical outlets in the GDR could be seen in three cities only, in Rostock, Berlin and Leipzig, and thus the services it offered remained little known to most GDR citizens.

Analogously, private dachas were an object of privilege, and a symbol of status, in the GDR. Thomas Schalck, Alexander’s son, acquired a dacha located in Stolzenhagen, near the main SED residential headquarters in Wandlitz. In 1988, he was subsidized with 71,234 Marks (ca. half of the final price) in cash to help him carry out the project to its conclusion. Between 1986 and 1989, “487 housing units” were sponsored by the KoKo for various dignitaries: 113 of those buildings were fully reimbursed, 45 of them went to Stasi officers, ten to the Housing Ministry, five to the SED dignitaries and 33 to KoKo's own managers. The KoKo was charged with supplying Western goods and equipment to the elite Wandlitz residential district, closed off from the world in the depths of the Brandenburg fir forest. It was dubbed Volvograd by the more ironically disposed among East German citizens, referencing both to its siege-like insulation from the outside world and the KoKo-imported Volvos carrying its VIP residents.

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588 Most of it in cash, see: BArch, DN 1, Der Rechnungsnummer 364/88, December 2, 1988.

589 BArch, DN 1, Doku no. 38899, Appendix 6, p. 3.
7.2. The Blueprint: Schalck’s Dissertation of 1970

The first audit report, and the publicity that the KoKo began to receive in 1990, shocked the public in both Germanies. It soon turned out, however, that the details revealed by the audit were merely a coda to the much longer story that had been underway for at least three decades. The action picked up pace twenty years earlier, in 1969, when Schalck received a golden, first class Patriotic Order of Merit. A year later, in May, his dissertation was ready for defense. His advisor was Erich Mielke himself, co-author: Heinz Volpert, a Stasi colonel, expert reader: Generalmajor Rudi Mittig, one of the top Stasi powerbrokers. The dissertation’s full title was: On Avoiding Economic Losses and Generating Additional [Hard] Foreign Currency in the Department of Commercial Coordination of the Ministry of Foreign Economic Affairs of the German Democratic Republic. The title granted to Schalck by the Potsdam Stasi Academy was Doctor of Jurisprudence. The dissertation’s origin was “motivated by the demands of the Party” and its main thrust was to “submit proposals that would facilitate the generation of additional sources of foreign currency through targeted, official and unofficial, measures.”

In retrospect, Schalck’s dissertation (1970) was in many ways the basic blueprint for what unfolded in the 1970s and 1980s. The dissertation, in turn, had its roots in the postwar black market vibrancy of pre-Wall Berlin. The KoKo’s two main forerunners were Simon Industrievertretungen and F.C Gerlach, run by Simon Goldenberger and Gerschel Libermann respectively, both

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590 Zur Vermeidung ökonomischer Verluste und zur Erwirtschaftung zusätzlicher Devisen im Bereich Kommerzielle Koordinierung des Ministeriums für Außenwirtschaft der Deutschen Demokratischen Republik

591 Schalck Dissertation, page 5; Reprinted in full in: Fischer. Schalck-Imperium: Ausgewählte Dokumente, pp. 88-190. Pagination used here (e.g. page 5) comes from the original document, not from the edited volume.
established under Erich Mielke’s personal patronage. Both companies thrived on the lucrative (yet cutthroat) distribution circuit of coffee and cigarettes between the four Berlin sectors. Gerschel Libermann, born as Michał Wiśniewski in Russian Poland in 1914, had climbed to the very top of Berlin’s criminal underworld by the mid-1950s, when he became the head of a major racketeering gang. Notwithstanding a few prison sentences, including one in the infamous Moabit prison and another three-year sentence from West-Berlin authorities in 1957, which forced him to settle permanently in the East, he emerged as the “practical founding father” of KoKo’s business in the 1960s. Goldenberger and Libermann’s main trump card, according to the BND, were “good contacts with the economic leadership in Berlin/West,” which allowed them to deal in duty-free American cigarettes and coffee from US Army depots. In result, Libermann quickly raised the Stasi’s eyebrows and, as Schalck admitted later to the Bundeskriminalamt, Libermann was personally recruited by Hans Fruck, the deputy director of the HVA [Hauptverwaltung Aufklärung, The Main Directorate for Reconnaissance], the official in charge of preparing the Leipziger Messe, the GDR’s main international trade fair. As Schalck confessed later in his memoir, both Goldenberger and Libermann were his true “mentors, who taught him the dirty tricks of the underground economy, applying which could hurt the class enemy in the West.”

The activities of the duo had remained underground until the 1974, when two large trials began in Vienna. They generated over 10,000 pages of materials, brought over a dozen of alcohol

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593 Egmont R. Koch, Geheime Kartell…. 46

smugglers to justice, and identified over 100 million DM of tax evasion in West Germany and Austria. The traffic’s direction was usually from East Germany to West Germany and Austria. One of the main intermediaries was the Lichtenstein-based shell company named Simetal, run by Goldenberg. The supplier was the Deutsche Innen- und Aussenhandelsbetrieb (DIA), the main state-run East German foreign trade company. The business model was simple. The Stasi provided the necessary transit passes, including falsified waybills, while the Simetal provided the hard currency to return the favor.595 After the Vienna trials, the KoKo’s activities became an open secret to the interested observers, including the CIA and the BND, but they remained hidden from the average GDR citizen.

The first trace of Schalck’s attempts to establish an official entity that would formalize the black-market operations already well-underway in Berlin for many years was the letter he wrote on December 29, 1965, to Hermann Matern, a senior Politburo member. The letter included a report on the black-market earned cash transferred to the SED in 1965 and “a plan of for new operations” in 1966. The profit that could be transferred directly to the party’s account was estimated to reach four million DM in 1966. The key link in the operations, coordinated personally by Schalck, were the so-called “trusted companies of the MfS,” none other than the Fa. Simon and Fa. Gerlach of the aforementioned Vienna trials. “The close cooperation with the MfS” was necessary because operations “such as illegal transports, insurance frauds and other strictly

confidential measures [...] known to a [...] narrow circle of only two or three individuals” carried an extra risk and thus had to be protected by the Stasi.596

The official establishment of the KoKo took place on April 1, 1966, as specified in the Decree 61/66 issued by the Chairman of the Council of Ministers, Willy Stoph. KoKo’s founding firms were: Zentralkommerz, Intrac, Transinter, GENEX, Intershop and Rostock’s Interbasar (a part of the VEB Schiffsvorsorgung [Ship Supply] Rostock). The objective was stated unambiguously: it was “maximum generation of capitalist hard currency outside of the state-plan.” Implementation of commercial relations with religious communities,” i.e. the officially recognized churches, was also not a novelty. This innocuous statement referred to the key linkage played by (mostly Protestant) churches in facilitating the Freikauf (sale-into-freedom) of political prisoners.597 “Provision of a unified political-legal framework for the [two] recognized private foreign trade companies of the GDR – F.C. Gerlach and G. Simon” was also merely a formalization of the operations already underway for many years. All those measures were aimed at “utilizing the business cycle fluctuations of the global market” in a more systematic way.598 The document was also signed by the minister of Foreign and Intra-German Trade and the minister of State Security Erich Mielke.


On September 8, 1969, the official establishment of GDR’s foreign currency and gold reserve took place. An additional reserve of twenty tons of gold was to be deposed in western banks to provide a schnelle Reaktionsmöglichkeit [a quickly accessible operational reserve] to respond “and utilize price fluctuations as well as arbitrage on the global gold market.” There were three main accounts: general, West Berlin and West Germany. “When economic advantages can be achieved, funds should be moved in-between the three accounts. …The highest possible utilization rate” was to be achieved by exploiting the following capabilities:

- “Investment in the currently trending foreign currencies
- Utilization of Warenswitchgeschäfte [import-export, re-export]
- Gold purchases taking advantage of the price arbitrage on the [East-West] split gold market
- Utilization of the highly efficient units of the national economy with the goal of increasing exports of those products that bring the highest hard currency return
- Temporary use [...] of foreign exchange reserves included in the state plan [...] to exploit the [unforeseen] favorable market [...] conditions
- Temporary substitution of loans offered the Deutsche Aussenhandelsbank AG or the Ministry of Foreign Trade by foreign commercial or state loans, [especially] if the interest rate on foreign loans is more opportune than on the domestic market.”

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599 Fischer, Schalck-Imperium: Ausgewählte Dokumente, DOKU 6, Vorlage für das Politbüro des Zentralkomitees der SED zum Beschluss über die Ordnung der Staatsdevisenreserve in Gold und konvertierbaren Devisen vom 08.09.1969.

Schalck devoted the first part of his 1970 dissertation to exposing what he saw as an unmitigated West German economic warfare against his country.\(^{601}\) As particularly dangerous he considered “the small shell companies established by the BND to conduct sabotage and diversion” by all available means. One particularly problematic case was the Hamburg-based company *Oelmess Latinsky*. It threatened the GDR’s shipping industry by corrupting its foreign-bound rank-and-file sailors and top managers. Those companies, Schalck held, were only nominally separated from the large West German industrial giants, to misguide the Stasi’s vigilance. The combined registered loses inflicted upon the East German economy, he calculated, amounted to 742.7 million Marks between 1955 and 1967.\(^{602}\)

When writing about “the most aggrieve imperialist country in Europe,” the Bundesrepublik, Schalck considered it appropriate to quote Franz-Josef Strauß, the Minister of Finance in West Germany at the time. He chose Strauß’s 1968 book *Herausforderung und Antwort: Ein Programm für Europa* [Challenge and Response: A Program for Europe] in which the Bavarian politician wrote of a Europe united under democratic principles.\(^{603}\) The unexpected formation the SPD-FPD Brandt-Scheel coalition cabinet in 1969 should give rise to no illusions, Schalck argued, full “liquidation of the GDR” was still the number one priority of the FRG, now to be achieved with “different methods and tactics.” The West German economic objective was to “separate” the GDR from its socialist allies and the Comecon trade system, establish a “monopolist

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\(^{601}\) “In the aftermath of the invasion, Moscow used the evidence of ‘West German economic penetration’ in the CSSR as a key justification for its decision to crush the Prague Spring,” [quoted after:] Gunther Wagenlehner, “Die Sowjetische Rechtfertigung der Intervention in der CSSR,” *Osteuropa* 18, (1968), p. 759.

\(^{602}\) Schalck Dissertation, 41 [From Fisher, *Schalck-Imperium*].

position among NATO nations” and thus create a position of industrial dependency on the West German suppliers, which could be subsequently used to destabilize the country politically.604

Following Lenin’s logic, the main issue that the science and practice of economics occupied itself with, according to Schalck, was addressing the perennial ‘who [dominates] whom’ [kto kovo, wer wen] question. “West German imperialism is deploying all methods and all means, including criminal, to compete economically with the GDR and to decide the question of ‘who whom’ by increasing its industrial growth rate.” Those “refined methods” included using GDR’s cheaper costs of production to boost their own competitiveness. The end goal was of course “to re-establish the imperialist order” in East Germany and beyond. To avoid that, the GDR’s security organs, Schalck argued, should learn from the enemy and respond with methods even more refined.605

A disturbing trend that Schalck saw emerging in the 1960s was signaled by the fact the Soviet Union and other socialist countries were “no longer capable of satisfying” the growing East German needs for “cutting-edge technology and energy sources,” crude oil in particular. Therefore, “a temporary change” in the fundamental NSW-SW [capitalist-socialist] trade coefficient was advisable, in favor of the NSW. The political risks of such an increased dependency on the West could be taken care of by increased Stasi vigilance and Schalck’s own preemptive initiatives. Another reason why the GDR was falling behind was because its financing options were limited, and the party’s approach to finance was too conservative. The example of Japan should be

604 Schalck Dissertation, 12, 15, 25.

605 Schalck Dissertation, 95.
followed, Schalck argued. The country “successfully utilized” loans with interest rates as high as 16 percent to grow out of its debt obligations. In the East German context, it was critically important to purchase automated machine tools to replace labor, which had always been in short supply, if not actively fleeing *en masse* as before 1961.606 The conclusions of the first part of the dissertation were clear. The Soviet Union was no longer able to fully supply the growing East German economy with raw materials and technology, while the imperialist West Germany was ever more aggressive in its economic sabotage and other encroachments, a situation that called for radically unorthodox solutions.

While the first part of Schalck’s dissertation was a rather standard Marxist-Leninist takedown of capitalism, with some interesting operational details supplied by the Stasi and related organs, the second part certainly ventured far beyond the broadest definition of politically correct orthodoxy. It focused on outlining measures that would help to cope with the alarming trends and phenomena sketched above. Those measures were thus presented as a necessary response to what had already been initiated by the West German provocations. Fortunately, East Germany did not have to start from scratch. The success of KoKo’s companies in 1968 and 1969 was unquestionable. On average, they earned a net hard currency profit per employee that was forty times higher than his or her annual salary, ca. 1,200 M per capita.607 The reasons behind this high rate of return were as follows:

- implementation of underutilized production capacity thanks to the changes in wage policy and extra-plan energy imports from the NSW [capitalist countries]

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607 Schalck Dissertation, 112.
- extension of production in mixed-ownership [i.e. non-state] enterprises
- import of goods from socialist countries, processing and their re-export to the NSW
- “Switch and other financial transactions”

And last but not least: “implementation of risky businesses, mostly through goods, securities and currency speculation.”608 Firm support of the party and state organs was needed to make sure the high profitability of those enterprises continued in the future. Additional legal adjustments requested by Schalck included:

- Devisenausländer [foreign currency resident] status for the KoKo companies
- The right of the directors of the KoKo enterprises, in agreement with Schalck, to establish official and covert companies in the NSW
- An audit Sondergruppe for KoKo - a special audit group separate from the existing state organs
- The prerogative of ordering goods from abroad, bypassing the state-plan, particularly with respect to energy sources
- Enlargement of the fraction of capital held in cash.609

Among the more creative financing methods, Schalck recommended speculation with the GDR’s allocation of Verrechnungsruble [Transfer Ruble] on the forex market.610 Cuba, North Korea, China and India were mentioned as areas of special interest as potential providers of cheap energy, but not only. Schalck also proposed establishing “covert production facilities” in those “countries of low wages” to secure “commercial advantages.” He pointed to the examples of the

US, the FRG and France, and their industrial expansion in Spain, Italy, Romania and other “countries of large unused labor reserves,” and “the high profits reaped” in consequence.611

A particularly bold idea outlined in Schalck’s dissertation was the free trade zone [Freihandelszone] somewhere in or near the Überseehafen Rostock, the GDR’s main seaport, where KoKo companies would be able conduct their businesses undisturbed. Most importantly, it would help to establish companies that could be “completely and formally separated” from the GDR’s legal corpus. This was particularly important for the “covert re-export operations,” that could not be officially conducted by the GDR due to many potential problems, not least with the Soviets, whose weapons were often only slightly modified and shipped out by the GDR under a different name. As an example of such an operation already underway, Schalck mentioned the “highly-profitable trade with Rhodesia,” which could be rendered even more convenient at the free trade zone in Rostock. The zone could serve both domestic and foreign companies, as an assembly depot for GDR’s semi-processed goods and as a depot for Western companies to deliver their goods “(e.g. alcohol and cigarettes)” that could be “handled by East German fiduciaries” upon arrival to Rostock.612 A detailed proposal to establish the free trade zone had already been submitted to the provincial authorities, it now had to be confirmed by Berlin. Schalck promised to deliver up to 150 million VM by 1975 thanks to this measure. “It has to be emphasized very strongly,” he wrote, “that this plan can only succeed if it has special support from [...] the CC and the central state organs in the selection [process] of ca. 80 loyal party members with special

611 Schalck Dissertation, 117.

612 Schalck Dissertation, 117.
experience in the Intrac (50) and Zentralkommerz (30) enterprises,” the KoKo’s founding companies.613

In 1958, when the Überseehafen Rostock, the GDR’s main international port between 1960 and 1989, was still a construction site, 80 percent of East German foreign trade travelled via land routes and 20 percent via sea routes. But the (limited) exchange with capitalist countries in the late 1950s was serviced by maritime channels up to 90 percent in volume, and under a full utilization of the existing operating capacity of the few small East German seaports. This situation encouraged the decision-makers to invest in the Überseehafen project to enable a more independent foreign trade policy beyond the Comecon, also with the third and non-aligned worlds.614 The construction of the Überseehafen can therefore be understood as a natural reaction to the geopolitical reality facing the regime, and a sign of its ambition to participate in the global world trade game on its own terms. The idea of creating a duty-free port zone in Rostock was a product of more unorthodox logic, the logic of hard currency. The duty-free zone was second on the list of Schalck's ideas that he considered necessary to guarantee the success of KoKo’s operations, preceded only by the exclusive control of the Intercontrol, the internal foreign trade surveillance unit, that run customs clearance, tariffs and related operations. The customs protection organs had to be moved more firmly into the zone of operations administered by the Stasi, not by the Ministry of Foreign Trade, Schalck advised.615 What he proposed was effectively a disconnect between the security apparatus,

613 Schalck Dissertation, 118.


615 Schalck Dissertation, 7.
represented by the KoKo and the MfS, and the regular foreign trade administration, making the KoKo subject exclusively to Stasi house rules.

The Rostock blueprint was fully implemented. Secret logistical centers in the vicinity of Rostock (such as the arms depot in Kavelsdorf mentioned in the introduction) were established, but a genuine free-trade zone in the center of a large city was perhaps too much for, after all, the model communist regime. What was created were the numerous duty-free shops in Rostock, especially in its hotels and near port grounds. These should not be mistaken for Intershops, which were more expensive, but less exclusive.\textsuperscript{616} On the other hand, however, KoKo’s customs privileges and secrecy clauses provided it with a “virtual free-trade zone,” as expressed by Matthias Judt, which was much more comprehensive and sophisticated than a piece of physical space on port grounds.\textsuperscript{617} In other words, the KoKo as a whole might be understood as a kind of a free-trade institutional framework within GDR’s centrally planned economy. Its success was secured by methods much subtler than Schalck’s original idea envisioned. This setup facilitated what Egon Krenz aptly described as “the island of market economy inside of the GDR.”\textsuperscript{618} While the geographic metaphor is evocative, one of the keys to understanding KoKo's operations, which were largely unperturbed for a quarter century, is exactly this secrecy and the lack of precise physical, legal, or administrative ascription or definition.

\textsuperscript{616} BStU, MfS BV Rst 447/93, Band I, l. 11, “Die Genussmittel werden von den Personen unmittelbar vor dem Betreten des schwedischen Fahrschiffes im Duty-Free shop, der sich vor dem Fährschiff befindet, gekauft.”

\textsuperscript{617} Matthias Judt, \textit{Bereich Kommerzielle…}, 28.

\textsuperscript{618} Interview with Egon Krenz, \textit{Handelsblatt}, June, 24, 1993, p. 4.
What had been fully implemented was the establishment of covert and shell companies in the NSW, rather faithfully along the lines suggested in Schalck’s dissertation. Several East German companies had already been launched in the West already in the 1960s, but, due to the lack of international recognition of the GDR, it was a futile undertaking as those companies were “discriminated and constantly surveilled.” Schalck distinguished between five ways of organizing such companies in the West anew:

- establishment of long-term clearing houses
- covert purchases of shares in the already established [Western] clearing houses
- covert purchases of shares in production facilities
- low-capital, seasonal companies to be used for “risky operations”
- shell-companies, to be used to “cover the risky and Sonderoperationen.”

The latter two could be “liquidated quickly and [ideally] without financial losses,” if such a need arose. The founding capital stock of shell companies should not exceed 20,000 DM, their management boards should be filled with “straw men.” The first, most difficult, stage was to find the right people to run those firms. They had to be GDR citizens who were firmly in the grip of the Stasi, ideally, people who were already compromised. A relation of “full confidence” was difficult to secure by means other than this peculiar “genuine warranty.” Non-compromised persons had to exhibit the following qualities: “strong character, outgoing, flexible, mobile [...] well-educated, fluent in foreign languages, possessing a good, clean outward appearance [...] in possession [sic] of a flawless past. [...] Shell companies could be equipped with a capital

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620 Schalck Dissertation, 119.
utilization ratio [Verwertungskennziffer] of 20-25 percent,” which could facilitate, in the quieter
times, “extra possibilities of operational use for procurement of business information” to better
understand the inner workings of the West German economy.621

The second stage was the deployment of a willing notary to a “neutral capitalist country
(Switzerland, Finland, Sweden). [...] The camouflaging process of the capital’s origin [i.e. the
GDR] had to proceed through multiple steps” and through multiple fiduciaries. “Switzerland
appears particularly conducive as the base” for a mother-company of all those fiduciaries. A testing
period would last up to six months. “A bank of special confidence” would also have to be
established in “a country that guarantees unrestricted hard currency transfers. [...] Our previous
experiences demonstrate that a joint cooperation with a well-established banking house in
Switzerland and a private West Berlin banking society” was the optimal solution, wrote Schalck.
Big or public banks should be avoided, small private banks were preferred. “As an initial covert
transfer of East German funds to such banks – 2.5 million USD should suffice, Schalck held, since
the sum of this order guarantees a measure of influence in a private bank.”622

The firm’s geographic location was to be determined based on three main variables: operative ease, fiscal privileges and profitability. The ownership structure was yet again influenced
by “the previous experiences in Switzerland,” which had demonstrated that the best option was
“an anonymous society” with a board of directors of three, with at least two Swiss citizens. Such
a combination offered the optimal fiscal conditions and “guarantee[d] a faster capital amortization

and a faster rate of return. As a general rule, a notary or an attorney in Switzerland can occupy multiple board or directorial positions in multiple societies.” An equivalent formula in Germany was a limited partnership company, which “through a skillful involvement of family members” could lead to “extraordinary taxation privileges.” The experiences in West Germany had demonstrated that the ‘GmbH - Co. KG’ [limited liability, limited partnership] organizational-legal structure was preferred, “especially in the speculative real estate business” in West Berlin. The establishment of “shell joint-stock companies” in West Berlin was deemed as the most opportune solution due to the preferential taxation laws for the local construction industry, and the low initial capital requirements. The East German shell companies could participate in public auctions, receive loans, “begin construction and then disappear,” while the GDR, “through various possible manipulations,” could not only recover the original capital, but also generate a profit at the expense of Western financial institutions.623

The following “first-step measures” were recommended to expand KoKo’s sphere of influence:

- “a personnel reserve of at least ten foreign citizens” with the necessary legal expertise
- “construction of a network of international banking connections and confidential recruitment of its commanding echelons, especially in the NATO area, South America and the Far East. The existing connections of the Bereich Kommerzielle Koordinierung and the MfS are to be used accordingly.”
- claiming of useful legal expertise in West Germany and Switzerland
- “The control and management of foreign companies is [to be] conducted by the Bereich Kommerzielle Koordinierung. [...] Due to strict confidentiality, no other East German organ other

than the MfS [Stasi] audit group should be informed about the foreign covert companies.” In
general, all operations are to be conducted in “close cooperation with the MfS.”

For the next three years (1970-1972), Schalck requested 10 million VM to establish the
proposed covert foreign companies and promised to deliver results by 1975. The original covert
companies had already been founded in 1964: in the Netherlands, Austria and Greece. Another
thirteen were added in 1967-69. In general, the operations had been smooth up until 1969. The
main potential problem was that those companies were “fully and entirely subjected to the
economic laws of capitalism” and thus vulnerable to its periodically regular phenomena such as
“strikes, inflation, military and government coup-d’état.” The stable domestic socialist conditions
could not be translated one-to-one, additional caution was thus advised. Fortunately, such
operations could be expanded indefinitely because “in the capitalist social order, numerous
individuals are venal and, when presented with a suitably high profit prospect, will be ready to
engage in all kinds of legal and illegal actions, as well as to cooperate with the secret services.”

7.3. KoKo and the Hanseatic Connection

The most important strategic task carried out by the KoKo was exporting weapons and
importing the high-tech products banned under the various NATO-CoCom embargos dating back
to 1949. The economic role of the weapons exports rose markedly as the GDR’s financial
position worsened, and so did the significance of the Überseehafen Rostock, through which most

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624 Schalck Dissertation, 128.


626 US- Militärregierungsgesetz No 53 vom 19 September 1949 See: Tor Egil Førland, "Economic Warfare and
191-204.
covert weapons shipments passed. Schalck’s reasoning on that issue was expressed succinctly in his letter to Günter Mittag from November 1981, in which he reported on the talks held with KoKo’s partners in France, Belgium and West Berlin. Relationships with the companies located in those countries could be continued only “under strict conspiracy,” which only Rostock guaranteed, and after “the preparation of special operative contacts had been completed.” In that particular case, the talks concerned importing high-tech components for producing small arms in the Kombinat Spezialtechnik Dresden and the Spreewerk Lübben. The application of that technology, Schalck wrote, would lead to a “new generation of small arms” which could generate export profits up to 40 million VM by 1983.627 Other correspondence between Mittag, Honecker and Schalck concerned topics such as deals with third world countries in tanks, artillery, armored personnel carriers, anti-aircraft guns, grenade launchers, laser rangefinders, the oil trade with Iran or the quiet export of antiques from the GDR's museums.628 On the import side, the KoKo served as the main supplier of espionage equipment used by the Stasi, especially of advanced surveillance technology in violation of the CoCom embargo.629

The ITA, a daughter KoKo company, was the main weapons exporting enterprise of the GDR. ITA’s revenues grew from 105 million Marks in 1974 to 16.6 billion Marks in 1987. ITA’s even-more deeply camouflaged sub-company IMES made a total profit 318 million USD in the 1980s. A period of dynamic growth followed in the wake of the First Iran-Iraq War (1982), when the revenues of the ITA grew by 500 million year to year. The KoKo delivered weapons both to

627 BArch, DL 226/1434, Brief, Schalck an Mittag, November 11, 1981.
628 BArch, DL 226/1436, Inhaltsbeschreibung.
Iran and Iraq, mostly slightly modified and misnamed AK-47s and T-55s. To prevent a mistake, perhaps due to a typo, the weapons to Iran were supplied separately by the company named IMES (Import-Export GmbH) and to Iraq - by the ITA (Ingenieur-Technische Aussenhandel GmbH). Schalck tried to take advantage of the Falklands War of 1982 as well. Backchannel talks with the Argentinian delegates were underway, but that deal never came to fruition, perhaps because the war was too short. Exactly when the Polish ports were paralyzed by the Solidarity strikes, and knocked out of action for weeks, the East German weapons industry was exploiting the new conflicts on the global scene, relying on its Überseehafen in Rostock, as well as one of the world’s largest merchant fleets at the time. In this context, Rostock’s role as an entrepôt for Soviet troops based in East Germany was becoming more of a burden than an opportunity. In 1980, 40,000 tons of Soviet military cargo passed through the port. To free themselves to engage in more profitable hard-currency deals, the regime invested heavily in the Klaipeda-Mukran (Rügen Island) train-ferry link to make the flow of materiel for the Soviet troops more efficient, and consequently – free up some transshipment capacity in Rostock for other purposes.

The KoKo was a key node linking several strategic segments of the GDR’s economy: the weapons industry, the current account balance, the logistical system, but also its intelligence shield, the army and the navy. Thanks to its worldwide network of connections and agents, the KoKo was

630 BArch, DN 1, Doku no. 38899, Bericht vom 12. Marz 1990, l. 146.
631 Siegfried Köhler, Der Überseehafen Rostock unter Kontrolle der Staatssicherheit (Schwerin: Landesbeauftragte für Mecklenburg-Vorpommern für die Unterlagen des Staatssicherheitsdienstes der Ehemaligen DDR, 2012), 151.
632 BArch, DL 226/1287, Information, telegraph, Berlin April 28, 1982, l. 775
633 Siegfried Koehler, Das Überseehafen..., 137.
able to share information that was considered useful by the HVA, one of the most respected counterintelligence agencies on the globe, led by Markus Wolf. This pertained especially to the international shipments passing through Rostock and, in Stasi’s own words, to “an entire palette of items subject to the CoCom-embargo.” KoKo’s department in charge of the technological transfer was named Hauptabteilung III WTA (Wissenschaftlich-technische Arbeit und Kooperation), the second largest after the HA I. Just like other KoKo units, it was plugged into the legal structure of the GDR as a subcomponent of the officially-existing AHB Elektronik Export-Import, registered under the Ministry of Foreign Trade. In reality, it was managed by a separate board of directors of ca. twenty functionaries, most of them Stasi officers. As described by the official Bundesarchiv handbook for the KoKo papers, “it was the control room for the billions made out of illegal technology transfers,” and a major strategic decision-making center.

Kunst- und Antiquitäten GmbH (KuA) was established in 1973. It was an early KoKo brainchild that was charged with exporting East German art and cultural artifacts, in return for hard currency. The liberalized law on the protection of national cultural heritage, adopted in 1980, extended the possibility of sale to private foreign subjects, releasing transactions from the earlier institutional constraints (earlier: a contract had to be signed with a world-recognized cultural institution). In the 1980s, the KuA, besides becoming a major player on the global postage

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635 BStU, ZAIG 27259, Abteilung Hafen, l. 45, Auskunftsbericht über die politisch-operative Arbeit zur Gewährleistung der Spionageabwehr im kommerziellen Bereich des VE KSH, Rostock April 7, 1989.

636 Reinhard Buthmann, *Die Arbeitsgruppe Bereich Kommerzielle Koordinierung* (Berlin: BStU, 2004), pp. 14, 45, can be accessed online at: [https://www.bstu.bund.de/DE/Wissen/Publikationen/Publikationen/handbuch_ag-koko_buthmann.html](https://www.bstu.bund.de/DE/Wissen/Publikationen/Publikationen/handbuch_ag-koko_buthmann.html)

stamp aftermarket, added national socialist militaria to its catalogue.\footnote{Der Mitteldeutsche Rundfunk, Damals in Osten, Auch Devisen- und Waffengeschäfte können Verschuldung nicht stoppen, 2010, accessed online on May 5, 2017, \url{http://www.mdr.de/damals/archiv/artikel75406.html}} It was no later than 1977 that the BND learned about KuA’s activity and Schalck’s personal oversight of the business. The BND’s report from that year included a detailed list of East German customers, including buyers from the USA, Vatican and Switzerland.\footnote{Tgb. Nr 488/77 BND report, 20 June 1977, reprinted in: Gerhardt Ronneberger, Deckname "Saale" : High-Tech-Schmuggler unter Schalck-Golodkowski (Berlin: Dietz, 1999), 155.}

This state-sanctioned illicit participation in the global black art market was yet another example of KoKo’s exclusion from the law that applied to regular GDR citizens as well as to other state-run East German companies. But it was more than an exclusion, it was also the law’s explicit contravention. This inconsistent duality translated into the Stasi’s own operative orders. On the one hand, the Ministry was charged with stamping out “organized speculation and contraband of cultural goods, and other valuable objects, including hard currency and drugs [that brought] considerable harm upon the state.” It was not a task to be taken lightly since the “increasing connection between this criminality and secret service operations and other activities hostile to our state, [happening via] internationally organized trafficking, and the growing abuse of the Transit Agreements [with the FRG],” was confirmed by the Stasi’s own “operative data.”\footnote{BStU, ZAIG 27852, l. 14. Vorschlag über zu regelnde Aufgaben und Verantwortlichkeiten der Diensteinheiten des MfS bei der weiteren Qualifizierung der vorbeugenden Verhinderung, Aufdeckung und Bekämpfung von Spekulation und Schmuggel mit wertvollen Gütern, Devisen und Suchtmitteln, Berlin, December 10, 1981.}

This original sphere of the MfS competence, border protection, was additionally expanded by three new decrees in the 1970s:
Measures of Fighting and Limiting the Number of Offenses that violate the passport- and visa-free traffic between the GDR and Poland,\textsuperscript{641} 

- Measures to Increase the Protection and Safety of Cultural Goods and Museums in the GDR,\textsuperscript{642} 
- Measures to Increase the Security and Order of Dealing with Precious Metals.\textsuperscript{643}

By the 1980s, at the same time when the Stasi was chasing petty Polish tourist-smugglers violating the visa-free traffic accords (in existence between 1972 and 1980), it was providing operational security for the much larger state-covered smuggling operations, including trafficking of antiques and other goods that were a part and parcel of world cultural heritage. This hypocrisy has made it into the Stasi’s own documents with little or no filter. On the same page of an internal MfS report, the Stasi writer puts next to each other 1) the need to police the illicit outflow of art from the GDR, to severely penalize the violators, 2) and the task of protecting KoKo’s Kunst und Antiquitäten, thus implying that the state should face no competitors in the lucrative trade it had managed to monopolize. This state of affairs was a daily occurrence in Rostock. While the state was punishing its citizens for low-profile deals in hard currency with foreign sailors, it was doing the same on a much grander scale, employing the world’s leading security apparatus to hide it from overly inquisitive eyes.\textsuperscript{644} This schizophrenic contrast reached its apogee when it came to dealing with

\textsuperscript{641} 29 November 1977, VVS-MfS 0008/31/77 über Maßnahmen zur Bekämpfung und Zurückdrängung von Straftaten u.a. Rechtsverletzungen unter Missbrauch des pass- und visafreien Reiseverkehrs zwischen der DDR und der VR Polen

\textsuperscript{642} 10 December 1977, VVS-MfS 0008/34/77 über Maßnahmen zur Erhöhung des Schutzes und der Sicherheit des Kulturgutes und musealer Einrichtungen der DDR

\textsuperscript{643} 13 February 1981, VVS-MfS 008-7/81 über Maßnahmen zur Erhöhung von Sicherheit und Ordnung beim Umgang mit Edelmetallen.

\textsuperscript{644} BStU, ZAIG 27852, l. 15-16
hard currency. Rostock’s local Stasi authorities occasionally rewarded its dockworker-confidants with hard currency (e.g. 50 DM per visit), ostensibly “for good, hard work,” but in reality – to help them keep quiet about the contents and destination of the weapons shipments, for example. To the Stasi’s surprise, a certain unusually conscientious IM “refused to accept the gift, [arguing that] he works for the MfS out of conviction, not for money.”

In 1980, a resident of Stralsund was sentenced to four and a half years of imprisonment, his car was confiscated, and he had to pay 21,000 M as a fine, all for the hard currency deals he engaged in with foreign sailors, which amounted to 58,000 M in all. The contraband included personal gifts, car parts, watches and cassettes. By importing and distributing the car parts on the domestic market, the East German citizen earned an additional profit of 43,000 M. A resident of Rostock, between September 1979 and June 1980, passed on 127,000 M worth of foreign currency to foreign sailors to purchase goods abroad, and to bring them back to East Germany. He was also sentenced to 4.5 years and to a fee of 13,000 Marks. The sum was lower because he did not deal in car parts on the domestic market commercially, and thus was not seen as a competitor to the state-run importer of Western automobiles, the Genex. “Both criminal investigations demonstrated the existence of a key link between the foreign sailors approaching the land employees to persuade them to engage in smuggling and speculative operations” and the heightened vibrancy of the shadow economy in port cities. What the sailors needed were the


garages and means of transportation of Rostockers’ for logistical purposes, they offered Western goods in return. East Germans were warned yet again not to engage in the same kinds of operations that they state did, naturally for their own good.

KoKo’s two major retail chains, Genex and Intershop, mimicked the behavior of the black market, directly competing with the illicit underground for market shares. The table below demonstrates the extensive overlap between what was jointly considered the most lucrative sector out there, by the black marketeers and the state. This coincidence is hardly accidental, to the contrary, it was a pattern carried over from the KoKo’s own roots in the black market explosion of postwar Berlin:

Table no 2. Structure of Genex and Intershop Profits, Combined, VM Million (VM = D-Mark) (Selected major categories of goods)\(^\text{648}\)

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<tbody>
<tr>
<td>Hard Liquor</td>
<td>131</td>
<td>129</td>
<td>132</td>
<td>130</td>
<td>126</td>
</tr>
<tr>
<td>Soft Liquor</td>
<td>28</td>
<td>29</td>
<td>33</td>
<td>35</td>
<td>36</td>
</tr>
<tr>
<td>Tobacco Products</td>
<td>244</td>
<td>248</td>
<td>254</td>
<td>260</td>
<td>274</td>
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<tr>
<td>Coffee</td>
<td>79</td>
<td>87</td>
<td>66</td>
<td>64</td>
<td>69</td>
</tr>
<tr>
<td>Cocoa</td>
<td>68</td>
<td>67</td>
<td>71</td>
<td>69</td>
<td>71</td>
</tr>
<tr>
<td>Cosmetics</td>
<td>87</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>104</td>
</tr>
<tr>
<td>Tech-Consumer Goods</td>
<td>117</td>
<td>126</td>
<td>136</td>
<td>147</td>
<td>138</td>
</tr>
<tr>
<td>Other Industrial Goods</td>
<td>81</td>
<td>82</td>
<td>76</td>
<td>72</td>
<td>76</td>
</tr>
<tr>
<td>Jewelry</td>
<td>43</td>
<td>28</td>
<td>37</td>
<td>31</td>
<td>31</td>
</tr>
<tr>
<td>Textiles</td>
<td>132</td>
<td>123</td>
<td>127</td>
<td>127</td>
<td>114</td>
</tr>
</tbody>
</table>

KoKo’s faithful service to the state is reflected in the amounts of money it transferred from the Intershop chain to the state budget. The sum grew from 8 million VM in 1970 to ca. 160-170 million VM per annum in the 1980s.\textsuperscript{649} The regime’s dependency on this source of income explains why so much investment was made in policing those among the black marketeers who evaded the numerous hard currency collection points that the state made available for them, and why the state tolerated some prior misdemeanors of those who did eventually spend their hard currency in an Intershop, an Interhotel or at Genex. As the most comprehensive study of Intershops, authored by Jonathan Zatlin, shows, their establishment was not merely a strategy to fight the dictates of indebtedness. As Zatlin argues, the regime attempted to modernize the retail sector in order to legitimate itself. In the process, it eventually created “a two-currency economy that led to the depreciation of local industry and encouraged social stratification based on commodity fetishism. […] Hard-currency shops had corrosive social effects and intensified contradictions” in the GDR’s version of consumer society.\textsuperscript{650} While Zatlin is correct to identify Honecker’s Unified Economic and Social Policy (\textit{Einheit von Wirtschafts- und Sozialpolitik}) with a quest for legitimacy, an even closer reading shows that the plebiscitary concern might have been an after-thought, a rationalization of the primal profit motive.\textsuperscript{651}


\textsuperscript{650} See: Jonathan Zatlin, "Consuming Ideology. Socialist Consumerism and the Intershops, 1970-1989", in Peter Huebner, Klaus Tenfelde, eds., \textit{Arbeiter der SBZ-DDR} (Klartext: Essen, 1999), 570. To see how the East German government repeatedly undermined its socialist currency by creating competing monetary systems, see also: Jonathan Zatlin, \textit{The Currency of Socialism: Money and Political Culture...}, 2007.

“Of course, smuggling could not have existed without East German customers, but this uncomfortable fact posed an insurmountable interpretive impediment for security officials. After all, the security apparatus could hardly attribute East German participation in black markets to economic opportunity,” wrote Zatlin. But there was more to it than an unwillingness to face reality eye to eye. Despite the double life of their own state, the Stasi also never felt it necessary to retreat from the moral high ground it had claimed, just like the KGB. “Instead, the police […] looked to character traits to explain economic behavior, dismissing hundreds of thousands of East Germans involved in smuggling as marginal personalities marked by ‘profit-seeking, unstable, criminal and in part asocial’ qualities.”

MfS reports often read like Lenten medieval sermons, where all the evils of the universe are attributed to the primal sin consuming the human race. Their speeches and reports are filled with all kinds of morally-charged epithets of condemnation, quite at odds with the professed Marxist-Leninist dialectical materialism.

The flagship business run by the KoKo domestically was the Interhotel, a network of exclusive luxury hotels hosting western tourists and VIPs. Since 1977, the “central planning and execution of the NS [non-socialist] tourism,” including Interhotels, were officially moved to the Valutaerwirtschaftung [hard currency procurement] division of the Ministry of Foreign Trade, i.e. to the KoKo. The Interhotels normally required a hard currency deposit to gain access. The regime’s craving for that currency showed through the diligence with which the hotel managers chased after every single D-Mark or dollar handed to table attendants as tips. Each hotel restaurant

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653 Reinhard Buthmann, Die Arbeitsgruppe Bereich Kommerzielle Koordinierung, 34.
had its own *Trinkgeldbuch* [tips registry] that helped to make sure everything was *in Ordnung.* “[E]very worker [of the IH network] was obliged to enter the amount of the tip obtained immediately after its reception.” Those who failed to comply were subject to *Taschenkontrolle* [pocket check] which often exposed sums such as 4 or 10 DM hidden away.654 Some inspections, however, failed to expose underhand dealings mostly because “the auditors participated in the misappropriation of the tips” themselves. Occasionally, however, “collective tip money manipulations of great dimensions” were discovered by the inspectors. In one of the GDR’s most prestigious establishments, the Palasthotel in Berlin, the embezzlement was massive enough to force Schalck’s hand. He wrote an angry letter to Office of the Attorney General (*Generalstaatsanwalt*) in June 1987 requesting firmer control over one of KoKo’s key businesses.655 Rostock’s main Interhotel was the seaside Hotel Neptun, established in 1971, which quickly became the center of the official and unofficial hard currency businesses outside the capital.

Another lucrative business run by the KoKo was the import of waste from the FRG. Initially, only West Berlin was serviced, due to the understandable space limitations, but after 1979, the KoKo company Intrac took care of other West German cities too, with Hamburg among its first and principal customers. A huge dump just across the border from Lübeck was set aside to take advantage of “the lucrative perspective” offered by *Sondermüll*, the special waste. It was named *VEB Deponie Schönberg.* On January 30, 1979, at a Politburo meeting, “a long term contract” was signed that regulated “the disposal of garbage from the FRG (Lübeck and Hamburg

654 BArch, DN 1 39142, l. 1, Revisionsprotokoll, Palasthotel 1020 Berlin, VD /97/96/8585.

areas) on the territory of the GDR” in return for natural gas deliveries. The first garbage from Hamburg arrived in July 1979, 10,000 tons followed that year, and double that amount in 1980. Apart from “the special businesses with the big [organized] churches and the buy-out of political prisoners,” the garbage importation was among the most profitable, according to KoKo’s own books. In the 1980s, Intrac’s range of operations expanded beyond Germany. In 1986, 80 percent of garbage arrived from the FRG, 15 percent from the Netherlands, and the remaining loads from: Austria, France, Switzerland and Italy. In sum, between 1975 and 1989, the Intrac made a gross profit of 1.2 billion DM. For comparison, the business of selling political prisoners to West Germany brought in a total income of 3.44 billion DM between 1962-1990, with 2.79 billion DM transferred to Honecker’s private Konto no. 0628.

According to Die Zeit, the Schönberg dump could be the largest in Europe at the time, spanning 170 hectares, all within a few miles of the Baltic Coast. In 1986 alone, it received 900,000 tons, and its catalogue boasted up to 700 distinct categories of garbage. According to the

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658 Matthias Judt, Bereich..., 32. Between 1963 and 1990, 3.44 billion DM for 31,755 dissidents, including 2,000 children. Most of the income went to the Honecker-Konto 0628, classified under Sondergeschäft B.


newspaper, the waste included heavy metal residue from the port-sludge of Hamburg, as well as “particularly controversial mercury salts from Milan.” “The bowel-exit of the nation,” as it was dubbed, consumed trash from all West German states except for Bavaria and Rheinland-Pfalz, as well as unspecified types of trash from the Netherlands, Austria and Italy. According to Kiel’s regional Ministry of Agriculture, 15 percent of West German waste was in fact rejected by East Germany on the grounds of environmental safety. Incidentally, the Hanseatische Baustoffkontor [Hanseatic Construction Bureau], the West German partner of the deal, was based in Lübeck’s suburb Bad Schwartenau, exactly where Hitler held his infamous 1932 election speech, after the proud city of Lübeck did not let him inside the city walls for a rally. Its director was Adolf Hilmer, a leading FDP politician and a close friend of Björn Engholm, the Minister President of Schleswig-Holstein and one of “the keenest proponents of ‘the new Hansa’ in the Baltic region.”

From the AG BKK files, the Stasi-surveillance record of the KoKo, it emerges without doubt that Hilmer was in touch with KoKo’s second in command Manfred Seidel, known as IMB Siegfried to the Stasi. As put by the officers who followed him, Seidel “extensively influenced Hilmer’s political development,” while Hilmer – “joined the FDP in order to support his business interests, because it reflected his liberal views and business ambitions best.” As Die Zeit journalists concluded, “while it is no longer possible to answer which side [East or West] came up

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663 Vygantas Vareikis, “The Baltic Sea City System in Historical Perspective, The Case of Lithuania and Klaipeda,” [in:] Åberg and Peterson, eds., Baltic cities: perspectives on urban and regional change..., 119. For more information on Uwe Barschel, see: Chapter VI.

with the trash idea first, it is certain that the German-German waste-pact has transformed a gravel pit into a gold mine for both.” The Hanseatische Baustoffkontor made an average profit of ca. 5 million DM per annum in the 1980s.\textsuperscript{665} The company “enjoyed an exclusive right” to deliver the West German trash to the GDR in the entire period from 1980 to 1990.\textsuperscript{666}

Many other Hamburg firms cooperated with the GDR in general, and with the KoKo in particular. Among the regular customers of the East German regime were Multi-Transoceanica-Trade, Unischiff and Lüdex owned by Klaus Reeckmann and his friend Peter Lüdemann, a secret Stasi informer since 1967. Apart from supplying the GDR’s Interhotels with suitably luxurious Western consumer goods, the companies also helped provide the eastern neighbor mit \textit{Embargogütern}: high-tech products on the CoCom embargo list.\textsuperscript{667} The key figure in maneuvering around the embargo was Richard Müller (alias: Moneten-Müller), a co-owner of the Unischiff, later convicted by courts both in the FRG and in the US for violating the embargo. Moneten-Müller, a millionaire with a 700-hectare estate by Westensee near Kiel in the 1980s, was (according to the CIA) rewarded with at least 300 million D-Marks from Moscow for his smuggling services. His trademark, as coined by historian Egmont R. Koch, was “the global zigzag course that he conducted from his Lübeck headquarters.” Moneten Muller managed up to 75 shell companies, mostly in Switzerland, Lichtenstein, Austria and Sweden. After his career as a Cold

\textsuperscript{665} Erich Maletzke, \textit{Müll statt Marzipan…},


\textsuperscript{667} Andreas Foerster, \textit{Auf der Spur der Stasi-Millionen…}, 139.
War liaison was over, he rebranded himself as an organic farmer. His estimated net-wealth in 1990 was 19 million DM.668

The list of major Hamburg companies and personas that dealt with the KoKo is very long indeed. Spedition Richard Ihle GmbH was “a Hanseatic company with a rich tradition” that had a long-term contract signed with the East German shipper Deuttrans.669 Deuttrans was a true master of evading the CoCom embargo. One of the shell firms run by the MfS under the Deuttrans cover was Intertechna, which serviced the air route through Switzerland, Austria and Scandinavia. Intertechna was the main supplier of high-tech know-how east of the Iron Curtain. Its role became particularly prominent after the strengthening of the CoCom embargo in 1982.670 In the era of “briefcases and suitcases” filled with stolen blueprints that ensued, few could rival Intertechna’s global network, speed and efficiency. In its best years, Hamburg’s Ihle Spedition took care of up to ten percent of the turnover in Hamburg’s ports. In cooperation with the East Germans, it delivered goods to South Africa that were under the UN’s anti-apartheid embargo.671 Another company from Hamburg – Reemtsma – was the chief supplier of Western tobacco to the GDR. The company controlled around one fifth of the East German market in the 1980s. It was the main supplier of the most commonly purchased Intershop product. As discovered by the Hamburg

668 Egmont R. Koch, Geheime Kartell..., 73; also: The Koppe Bericht, 160-162.

669 Egmont R. Koch, Geheime Kartell..., 73.

670 Andreas Förster, Eidgenossen contra Genossen..., 116.

671 Andreas Förster, Eidgenossen contra Genossen..., 117-120.
municipal investigation in the late 1970s, cigarettes were also trafficked through the GDR to Yugoslavia and Albania.\(^{672}\)

1982 was the high point in the history of Überseehafen Rostock. Far from incidentally, the zenith coincided with the First Gulf War. The first Iranian ship, MS *Iran Jahad*, arrived in Rostock on October 8, 1982. Landlocked Czechoslovakia also used the port to ship its own weapons to the Middle East. The Czechoslovak firm Omnipol, for example, shipped 70,000 pieces of 122mm shells for the Katyusha rocket launcher to Syria. 1984, in particular, saw many shipments to Syria, also from Sweden, which used East Germany and Austria as transit countries, and Rostock – to camouflage the real port of origin. In general, Rostock became the logistical hub for much of the illicit or otherwise confidential cargo flowing out of northwestern Europe, through Greece or Cyprus to Syria, Palestine, Sierra Leona, Libya and many other countries, mostly in the Middle East.\(^{673}\) On occasion, Polish ports were used by the KoKo, to hide the country of origin, as well. In the reverse direction, oil was delivered from Iran after the Soviets increased prices for their deliveries to East Germany.\(^{674}\) Cairo was a key hub on the other side, mimicking Rostock’s role in northwestern Europe. The secret depot in Kavelsdorf, hidden in a thick Mecklenburgian forest just few kilometers south from the port, was the main storage site. It was opened in 1984 and employed exclusively Stasi-cleared security staff.\(^{675}\)

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\(^{672}\) The Koppe Bericht, 20-21.

\(^{673}\) Armin Volze, *Die Devisengeschäfte der DDR…*, pp. 156, 227, 228, 240-241, 247.


The key to KoKo’s special status was its exclusion from regular customs controls, logistical costs and regulations, all extremely strenuous in and around the GDR. The decree 87/71 of the Chair of the Council of Ministers (June 25, 1971) gave the KoKo the right not to inform the East German customs officers of their shipments’ contents. In the reverse direction, the Stasi often used customs violations (not unlike the proverbial tax violations in the US) as, either the last resort, or the most convenient way to initiate legal action against some citizens who fell under the state’s radar for other reasons. A case in point is the story of the dissident Robert Havemann, whose Bearbeitung [surveillance] was officially initiated as an investigation into Zoll- und Devisendelikten [customs and hard currency violations]. The customs administration was, in Stasi’s own words, “a close ally” in their “common task” of border protection and prevention of all kinds of violation from smuggling to Republikflucht. The customs administration was the incomparably junior partner in this duopoly, a situation captured aptly by the title of a recently published book Kontrollierte Kontrolleure. Die Bedeutung der Zollverwaltung für die »politisch-operative Arbeit« des Ministeriums für Staatssicherheit der DDR [Inspected Inspectors, The Significance of the Customs Administration for the Political-Operative Work of the Ministry of State Security of the GDR], which deals with the unequal power balance between the two organs,


and the instrumental exploitation of the underpaid and overworked Zöllnere, to achieve national security objectives of a higher order.678

Both exports and imports run by the KoKo, most of them through the Überseehafen Rostock, were often beyond the Stasi’s reach, not to mention the reach of ordinary customs officers.679 This policy applied both to “legal business” such as the Genex, and to “the secret businesses, such as dealing in Embargo goods,” for which complete secrecy was sine qua non. “The preferential treatment of KoKo’s western business partners at border and customs control of the GDR, including uncontrolled import and export of goods, improved the business climate between the partners in general,” wrote Matthias Judt.680 Schalck had “the full power to arrange the relationship between the KoKo and the customs and other control organs of the foreign trade sector as he saw fit. […] The prerogatives of the KoKo enterprises went so far as to partially or completely free its Western business partners from border controls” and set up customized customs clearance procedures. Such arrangements were “difficult to obtain” (to understate it) for regular foreign trade companies in East Germany and the entire Soviet Bloc.681 In other words, the East German state willingly limited some of its foreign trade monopoly to grant duty-free privileges for hand-picked, Stasi-run businesses. In return, those businesses provided the regime with the hard


680 Matthias Judt, Bereich..., 27. More on the embargo avoidance, see: Befehl Nr. 2/87 (Geheime Verschlußsache GVS- 0008 MfS-Nr. 2/87) des Ministers für Staatssicherheit, Erich Mielke, vom 12.03.1987 Koordinierung der Aufgaben und Maßnahmen zur Beschaffung von Embargowaren aus dem nichtsozialistischen Wirtschaftsgebiet.

681 Matthias Judt, Bereich..., 246.
currency needed to cover the many unforeseen, unplanned expenses. Analogously, the KoKo could count on “a zero-rate credit line to obtain disposable capital for extra-plan export and import needs” from the State Bank.  

7.4. The Credit Crunch

Schalck’s dissertation might have been ingenious and his ideas enforced with the proverbial Prussian bureaucratic meticulousness. But even that combination could not have rescued the GDR from the pitfalls of an indebted centrally planned economy. Between 1969 and 1980, the GDR ran a constant trade balance deficit with the NSW. Between 1971 and 1981, the total hard currency debt incurred reached nearly 40 billion VM, with a total amount of 25.3 billion VM due in 1980, the peak value throughout the country’s existence.  

Already in May 1973, Honecker warned his comrades at a CC meeting that the issue of dependence on western imports had to be addressed by a much more serious export effort. On the other hand, one of the first decisions that he took as the GenSec was to increase the import of bananas into the country. In that context, KoKo’s role as a reliable provider of hard currency increased in proportion to the growing figures of GDR’s foreign debt, as well as the country’s increasing reliance on imports to mollify shortages and dissent.

682 BArch, DN 1, Doku no 38899, l. 21.
683 BArch, DY 30, Büro Günter Mittag, Protokoll Nr. 2652, l. 68.
The climate of détente inaugurated under *Ostpolitik* was highly conducive to KoKo’s operations, while confrontation and sanctions could badly hurt. The sanctions imposed on the USSR in the aftermath of the Afghanistan intervention turned out to be particularly deleterious to the Interhotel business, especially since they preceded the Moscow 1980 Olympics, and the GDR happened to be on the transit route.\textsuperscript{685} Nothing the Swiss clients could not remedy, however. The Swiss were considered the most attention-worthy guests regardless of the frosts and thaws of the Cold War. On average, the Swiss left twice as much hard currency behind them as the Italians or the Austrians, not to mention the customers from the fraternal socialist nations, who were rarely invited at all.\textsuperscript{686} On the other side of the Oder River, in Poland, the drive to capture hard currency was so strong that, on several occasions, the Soviets had to issue official protests in order to be able to book the Polish hotel rooms earmarked for westerners.\textsuperscript{687}

Despite the logistical difficulties caused by the NATO blockade, the strategic importance of the KoKo increased markedly after the imposition of sanctions on the Soviet Bloc in the wake of the Afghanistan intervention. As an increasing number of goods fell under the embargo while the GDR was under a growing strain of its hard-currency debt, KoKo’s under cover methods suited the harsher circumstances perfectly. Following the “Solidarity disorders,” in the regime’s nomenclature,\textsuperscript{688} and the introduction of Martial Law on December 13, 1981, the GDR’s western

\begin{footnotesize}
\textsuperscript{685} See Chapter III, including RGAE, Fond 413, Opis, 32, Delo 1985, l. 21, O polozhitelnom opyте raboty tamožennykh uchrezhdennii v pieriod XII Olimpiady i ego ispolzovanie w tamožennom kontrole w sovremennykh usloviiakh.

\textsuperscript{686} BArch, DN 1 39142, Revisionsprotokoll, Palasthotel 1020 Berlin, VD /97/96/8585, l. 1.

\textsuperscript{687} AAN, ZGT "Orbis" 11/1, Protokół narady w sprawach turystyki zagranicznej (1977), l. 19.

\textsuperscript{688} BStU, MiS HA XXII Nr. 82, Bd. 5, Rapport-Meldungen zu den Ereignissen in der VR Polen 1980.
\end{footnotesize}
creditors became much more hesitant to extend loans east of the Iron Curtain. Schalck passed this news to Honecker on December 24, 1981. The impression it made on the general secretary was reportedly comparable to “a thunder strike.” 689 However, in August 1981, during his traditional holiday retreat in the Crimea, Honecker had already been told by Brezhnev that Moscow followed the GDR’s growing western indebtedness with apprehension. The Soviet GenSec warned his colleague that foreign debt could be used as “a lever for various kinds of pressures by the West” which could lead to “the most difficult consequences, [just as] the Polish example has demonstrated in a dramatic way.” The DM-denominated indebtedness was a particularly dangerous factor. 690 Later, in October, the Soviet diplomat Konstantin Russakow told Honecker in Berlin that the Soviet Union itself “was practically facing a new ‘Brest-Litovsk,’ [i.e. it was confronted with the decision] whether to abandon one part of its external sphere of influence in order to rescue the core” due to the mounting debt problems. 691

The credit crunch finally knocked on Honecker’s door in 1983. As the CSU chairman Franz Josef Strauß told his party colleague Gerold Tandler, by then “the GDR had become as dependent on the D-Mark as a drug addict on heroine.” 692 Due to the severity of this addiction, Schalck was given a green light to plead for funds in West Germany, the class enemy. In May 1983, he was hosted by the Bavarian Minster-President Franz Josef Strauß at an Alpine ranch by Aschau, near

689 Judt, Bereich..., 136-137
690 Judt, Bereich..., 136-137, 147.
Chiemsee. Straus, the chairman of the CSU at the time, personally vouched to put together a banking consortium and facilitate a one billion DM loan for the GDR.693 This and subsequent liaisons took place under strict secrecy. “Franz Josef Strauß […] seems to have reveled in it,” wrote Timothy Garton Ash. “His secret communications with Schalck are riddled with terms such as ‘the acquaintance,’ ‘the partner No 1’ and even ‘the third man’ – a resonant phrase for British spy aficionados.” The third man was Philipp Jenninger, the Minister of State at the German Chancellery responsible for the German-German affairs. Jenninger’s successor, Wolfgang Schauble, tried to regularize the encounters with Schalck, “receiving that jovial conspirator quite normally in the Federal Chancellery. But when Schauble visited East Berlin, he still found himself meeting Schalck semi-secretly in the office of the lawyer extraordinary, Wolfgang Vogel,” who was perhaps the most trusted unofficial go-between in Cold War Germany.694 It is only logical that the East German leadership shunned publicity when meeting their West German counterparts. The shame of admitting defeat in the struggle with the class enemy number one was too much to bear in the open.

After the news of the Milliardendeal hit the headlines, it understandably raised a stir among the sill numerous true believers at home. In an internal Stasi conference, the speaking officer felt obliged to touch upon recent developments. He addressed them in the following way:

“The most prominent representative of the hate-campaign directed against us is, as we all know, Franz-Josef Strauß. Naturally, a question arises, out of what motive that person visited the GDR and why he was invited by the General Secretary of our Party. Now, my comrades, I will say this: accepting that it is better to talk peace rather than to shoot, we


694 Timothy Garton Ash, In Europe’s Name…, 152.
are also negotiating with Strauß, even if this person is not exactly pleasant to us. But, comrades, as Lenin remarked in anticipation of the policy of peaceful coexistence, ‘when it comes to the maintenance of peace, we will negotiate with the devil’s own emissary.’”

While it might have come as a surprise to regular Stasi officers, top East German officials were very much aware of the dangers posed by the D-Mark debt trap. Ostpolitik and Wandel durch Annäherung, which had been inaugurated by Willy Brandt, were read by the East German Foreign Ministry as “aggression in felt slippers” and for good reason. Despite being aware of the enemy’s plotting, the GDR indulged in the consumption of the seemingly cheap money offered by the West, perhaps hoping to outsmart the rich and thus decadent Wessis. As they neared bankruptcy in 1983, it was Schalck who came to the rescue. Paradoxically, the worse the current account balance of the country was, the greater the weight of Schalck’s influence. This vicious circle eventually enabled him to do the unthinkable – to ask for money among West German conservative circles. After 1983, the regime never came anywhere near the dire financial straits that followed in the wake of Polish Martial Law. Some economic historians have even speculated that the overall financial health of the East German state in 1989 was not as bad as the common wisdom has it.

At the same time, thanks to the Milliardendeal, the level of GDR’s dependence on its wealthier cousin reached a whole new level, and was now out to be admired in broad daylight, which was a propaganda blow of a more serious order than the red current account figures.

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7.5. The Final Verdict on the KoKo

This chapter quotes verbatim from Schalck’s dissertation at length also because one of its more startling aspects is the quite sophisticated deployment of a jargon that a Western market analyst would not be ashamed of using, at least not in the 1960s. Schalck was no doubt well versed in the nuances of the West German *Soziale Marktwirtschaft* and Swiss corporate law, but what is remarkable is that he used all those ‘capitalism-specific’ terms and concepts in a dissertation defended, after all, at a Stasi academy, without any foreword or the proverbial further ado. Furthermore, the barely concealed joy of plotting schemes, that were not only illegal and unfair, but also potentially [and as we now know: actually] harmful and deadly for many at home and abroad, was only thinly disguised behind the pretense of targeting the enemy with his own weapons. Schalck’s *Schadenfreude* was a peculiar mixture of German romanticism and criminal passion reminiscent of the Sicilian vendetta. Alarming is the fact that those sentiments were put to words and submitted as a dissertation at a state institution by a man who then went on to become one of the most influential figures of the Honecker era. Needless to say, KoKo’s existence and operations were as contrary to the communist egalitarian promise as conceivable, in theory and in practice. As such, Schalck and company did as much to undermine whatever was left of communist legitimacy as anyone else.

A conclusion that the KoKo was a Machiavellian, omnipotent force smoothly succeeding in all of its high-risk operations would be mistaken. The KoKo competed with similar organizations run by other rouge states around the globe. Ultimately, KoKo’s efforts to make the GDR’s exports competitive in the first world failed, and the third world exploits started to backfire
in the late 1980s, especially in the Middle East. Furthermore, effective as the Stasi was in fulfilling its domestic tasks until 1989, the limits to its international influence were more quickly to be found. In the spring of 1982, for example, Iranian airplanes headed for East Germany were denied airspace access over the USSR and Poland, presumably because the Soviets had in the meantime learned of the merchant adventures of their satellite, and were not pleased. This fact, Schalck wrote to Mittag, “rendered our position in terms of supplying our special goods even more complicated and led to more frustration on the Iranian side.”\footnote{BArch, DL 226/1434, Schalck an Mittag, Berlin, May 5, 1982, Brief, l. 1.} In 1985, a shipment of weapons to Syria was dispatched from Rostock’s secret depot in Kavelsdorf, disguised as oil barrels. On its way, it was exposed by Greek customs, and sent back to the country of origin. A renewed attempt to smuggle the same load of small arms to Saudi Arabia also failed; it was confiscated in the port of Jeddah, while the designated Saudi addressee was arrested.\footnote{BStU, ZA, MiS BKK 221, l. 36, AG BKK, Bericht zum AHB IMES, Vorkommnis im Rahmen der kommerziellen Aktivitäten mit spezieller Technik, February 12, 1987.} An ITA shipment to the PLO was uncovered in 1985 in Cyprus, another one to Peru a year later was intercepted in the Panama Canal, leading to arrest of six crewmembers and confiscation of the entire cargo.\footnote{Uwe Markus, Waffenschmiede DDR. Ein Überblick (Berlin: Militärverlag, 2010), 73.} Many similar episodes ultimately made the weapons export business prohibitively risky and unprofitable. Furthermore, it had made the leadership keenly aware of the limits of the GDR’s influence abroad, especially when devoid of Soviet backing. Most importantly however, third world countries often were unable to pay with hard currency and had to offer barter in its stead. While coffee or bananas could have been vital to peace and quiet at home, they could not service the GDR’s foreign debt, a top priority in the 1980s.
Domestically, while KoKo’s own existence remained largely secret, the regime’s affair with the capitalist enemy was plainly visible to its citizens, who were quick to follow suit, despite the ideologically questionable implications and penal sanctions for profit-oriented activities. Gerhard Schürer, the Chairman of the State Planning Commission, continued to hold that “there was no [hard-currency denominated] shadow economy in the GDR that would undermine the working of the planned economy.” But that self-reassuring statement could not have been further from reality. The East German citizens were quick to learn from their state and even the all-seeing Stasi surveillance could not register most of their activities, as the next chapter will show. The Intershop and Interhotel networks, and the black markets that developed around them, were only the most prominent cases in point. Those activities that were registered were vibrant enough to force the Stasi to write reports that painted the situation in more realistic colors, e.g.: “[t]he [economic] damage inflicted upon the GDR took place not primarily through the illegal currency exchange itself, but more importantly, through a chain reaction, in the consequence of which the state plans for sales and price-fixing were distorted. The planned incomes from, e.g. the Intershop stores, were distorted as well. According to [one] estimate, 70-80 percent of speculation profits [from the black-market Intershop goods turnover] were brought back West to service new purchases of contraband goods.” In other words, ordinary citizens copied KoKo’s own actions in ways ever more daring, both because it was the most profitable economic activity under real existing socialism, and because it was increasingly more socially permissible, despite the nominally strict penal consequences of ‘speculation’ right up until 1989.

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701 Quoted in: Eberhard Kuhrt, *Die Endzeit der DDR-Wirtschaft Analysen*..., 42.

702 BStU, ZAIG 20279, l. 48, Währungsspekulation mit Zahlungsmitteln der DDR, September 5, 1986.
This conclusion is confirmed by a police report from Rostock written in 1988. After four decades of war on private enterprise, the policemen found that “the majority of our population is opposed to ambulatory street trade,” but on the other hand “the peddlers constantly use the ever-appearing market shortages and they never fail to find a buyer.” By then, the Warnemünde jetty had become notorious for the scale of street trade taking place in its vicinity, especially in the summer. The intensity of ‘speculation’ was so great, and the effectiveness of punitive measures so low, that the Rostock police suggested legalizing the incorrigible Ambulanter Straßenhandel and taxing it for an estimated 33 million Marks of revenue, all for the benefit of the state coffers. The proposal was rejected, of course, on ideological grounds. Street trading, compared with KoKo’s covert business, was too visible and too at odds with the veneer of law and order. Indicative of the direction from which the wind of the forthcoming free market change was blowing, 85 percent of Rostock’s ‘street speculators’ in 1988 were Poles.703

But it was Hamburg, not Gdańsk or Leningrad, that remained the point and port of reference in the north of East Germany through the entire communist period. In the early 1950s, the GDR planners envisaged Rostock as a “small-Hamburg of the East.”704 In the 1980s, the following slogans were heard at a FDJ club meeting, boycotted by some more independently-minded youth: “DDR ist klein [not: kein] Russland, Russen raus, Hamburg is die Welt.”705 GDR seamen, like no other profession, had an opportunity to compare conditions between East and West


month by month and year by year. As the situation in the Persian Gulf began to escalate again in 1988, the FRG authorities recommended its shipping companies cease cruising into that area. Consequently, the so-called cheap flags [Billigflaggen] from Greece, Turkey and other countries were hired to service the existing business obligations. Those West German vessels that did sail through the Gulf were compensated with a 1,500 DM Gefahrenzulage [safety compensation] per capita. In East Germany, that premium equaled 25 Marks. As this chapter demonstrates and the next will illustrate further, it was the state itself that was most keen to initiate business contacts with West Germany, despite all the outward opprobrium heaped upon the neighbor. Official channels, including the maritime route, remained open to ordinary GDR citizens employed in the foreign trade sector and consequently – provided a permanent channel of information flow, a possibility to see the West in person, and compare it to the situation back home.

The undercurrents of corruption that eroded the Soviet regimes from within emerged at the surface of public life in the 1990s like a long dormant geyser. They remain a massive problem in much of the post-Soviet space. Scholarly works such as Stephen Kotkin's Uncivil Society make it clear that the ‘red bourgeoisie’ enjoyed systemic privileges that contradicted the professed ideology in a literally ostentatious way. The riches of communist nomenklatura would barely pass for a middle-class living standard in the West. It was both the ideological contrast and the deviously, cynically corrupt mechanism of distributing those privileges that made their cumulative effect socially explosive. Charles Maier wrote: “[w]hat was remarkable about late socialism – the East European regimes of the last two decades of their existence – was how they too relied on

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privilege although their official ideology was exactly at odds with the concept. [...] Since the GDR’s economy could not provide vast rewards, it functioned by making access to small rewards arbitrary. In this sense, the illegal export of weapons to the third world, dirty garbage deals or Alpine financial havens are hardly revelations. But there are three other aspects of KoKo’s record that tell us something new about the undercurrents of state-socialist regimes.

The comprehensiveness and the degree to which Schalck’s KoKo dissertation blueprint had been consequently materialized is remarkable. It is also astounding how much the GDR’s secret services, soon after Stalin’s death, internalized and adopted the goals and methods of the milieus they were supposed to counter, the black market speculators and all kinds of entrepreneurs they called privateers. Secondly, the fact that a vast majority of ordinary East Germans did not know who Schalck was and what the KoKo was up to for two decades of their country's history is disturbing. It seems plausible to assume that had there been no desperate idea in Krenz’s mind to turn the KoKo into a scapegoat, had there been no storming of the Stasi archives, and had there been no pressure from some FRG institutions, the CDU in particular, KoKo’s secrecy could have remained largely intact. Thirdly, despite all the rigors of the Rechtsstaat prevailing in the Bundesrepublik today and the massive public scrutiny that the KoKo has received after 1989 some of the murkiest aspects of their activity, such as the blood or nuclear waste trade, remain murky. We now know that not only the BND, but also top West German politicians were well aware of this aspect of the East German regime. Some spoke out against it, some of them actively sought to enter into business relationship with Stasi-run enterprises, some of them did both at the same time. Some, like the Minister-President of Schleswig-Holstein Uwe Barschel, whose case is described

707 Charles Maier, Dissolution…, 44.
in the next chapter, paid the highest price for their business contacts with the East. No other state in history can be now contemplated with such a level of visibility as the GDR, and no other state has received an equal level of scrutiny. The FRG is significantly further down this particular ranking.

The forgotten story of Rostock’s rise and fall, its rulers, surveyors, black-marketeers as well as its democratic opposition, should be studied more attentively to understand the trajectory of contemporary Germany. After all, many German leaders today, including Chancellor Angela Merkel, originate from the GDR. Joachim Gauck’s oppositional youth had its roots in Rostock. This chapter examined the KoKo as an institution and its instrumental usage of the Überseehafen Rostock for its own purposes. The next chapter takes a more focused look at Rostock, the city and the port, as well as on the street-level interactions between the MfS apparatus and its opportunistic, indifferent, but also rebellious and entrepreneurial, citizens. It will examine how those interactions contributed to the regime’s overall long-term stability, and the sudden fall of 1989.
8. Chapter VI

“A Small Country with a Large Fleet”:

8.0. Hapag in the Soviet Union

For over five years following the war’s end, “a horrible sight” greeted the pedestrians strolling along the rocky levee that follows and extends the mouth of the Warnow River as it discharges its waters into the Baltic. Barely a mile northeast from the seaside boulevards of Warnemünde, an austere shipwreck, anchored portside, reminded everyone who scanned the northern horizon of the tragic fate of the Germans escaping from East Prussia as the Red Army advanced in 1945. Her name and home port were painted in white large letters on the bow: Hansa, Hamburg. The Hansa was one of the many ships that picked up the East Prussian evacuees from Danzig (Gdańsk) and Gotenhafen (Gdynia) in the last months of the war. On March 6, 1945, she hit a mine off the Danish Coast near Gedser. The passengers were miraculously evacuated this time around, but the attempt to haul her to the Warnemünde dry dock failed as she hit shallow waters upon entering the Warnow estuary, capsized and remained immobilized, to be admired in her abandoned majesty. After many unsuccessful approaches, she was finally rendered maneuverable and hauled to Antwerp for preliminary repairs in 1950. Afterwards, it was the

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Warnowerft that undertook the strenuous task of her full restoration. The ship was renamed Sovetskii Soiuz and delivered as a war reparation to the USSR in 1955.

Until Goebbels had the ship renamed in 1935, she sailed under her original name: Albert Ballin. Launched in 1923 by the Blohm & Voss, it was the first passenger ship built for Hamburg’s Hapag after the First World War. She embarked on her maiden voyage to New York and served in the North Atlantic right until September 1939, when she was quickly converted into a floating barrack for U-boot crews. After a decade of early, forced retirement and difficult renovation, the Sovetskii Soiuz proudly jointed the Union’s fleet and became its largest, flagship passenger cruiser. She served under a Soviet flag until 1980, when she was renamed Tobolsk. After a few brief cruises, the ship was scraped in Hong-Kong in 1982. Needless to say, no ship named after the Soviet Union itself could ever get nowhere near the junkyard. Tobolsk could be waved goodbye with fewer regrets.709

Almost like in a biblical parable, the story of Albert Ballin-Hansa- Sovetskii Soiuz illustrates the key moments of East German maritime history. This story’s timeline mimics the arch spanning the rise and fall of that unlikely seafaring nation. The GDR inherited the less valuable part of the ruined assets of the North German maritime capacity after the war. It rose together with its mothership Soviet Union to become a major global maritime player in the 1970s. Its officers saw the first signs of leakage exactly around 1982. Its crew decided to scrap the ship a few years later and return to the prewar Western homeport.

While there was no shortage of communists in Germany in the 1930s, not even the most prone to fantasizing among them could have dreamed that something resembling the GDR would come into existence by the end of the 1940s. Similarly, Rostock’s record as a vibrant center of maritime life was universally seen as a long gone-by glory of the medieval Hanseatic prosperity, never to be seen again. German ports east of the Kiel Canal had been in a general process of slow-but-steady decline at least since the creation of the Zollverein. After World War I, the emergence of the so-called Polish corridor offered a new lease of life for some of them, but there was only so much business that could be made out of connecting Königsberg and East Prussia with the mainland. After the Nazis came to power, and especially during World War II, ports such as Rostock and Szczecin gained in significance precisely due to their relatively provincial background – they were less vulnerable to the Allied air attacks than Hamburg or Wilhelmshaven. Whatever was gained as a byproduct of the Third Reich’s war effort, all that had been reduced to rubble by the Allied bombers by 1945.

Stettin, the biggest Baltic port servicing the Brandenburg province before the war, became Polish Szczecin in 1945. Initially at least, those Germans who found themselves in the SBZ also thought of the lands east of the Oder-Neisse rivers as merely ‘temporarily under Polish administration,’ just like their countrymen in the FRG, but they were disabused much earlier by Stalin. When the GDR took on a definite shape as a new state in 1949, it was left without a port large or modern enough to serve as a major international hub. Lübeck and Stettin, the two ports that could have been developed to such a status with relatively little extra investment, remained just outside of the Republic’s new confines. Left with no feasible alternative, the SED-regime had
to become interested in relying on Szczecin to serve its foreign trade needs. In 1950, they proposed establishing a special duty-free transit zone in Szczecin, following the Czechoslovak model of cooperation with Hamburg before the war, but the Polish side was not eager to follow through.\textsuperscript{710} While the decision to erect the Überseehafen Rostock from scratch was taken in 1953, it was not really until the Berlin Wall came into existence that it became apparent that the GDR was indeed going to exist as a distinct state, and that it would not be able to rely on West Germany to secure any of its needs, including maritime transport.

It was thus a completely improbable cluster of geopolitical earthquakes that eventually led to the moment when the East German authorities were taking the (unobvious and contested) decision that it would be Rostock (and not Stralsund, Greifswald or Wismar) that was to become the largest seaport of the second-largest German state.\textsuperscript{711} But the list of paradoxes does not stop here, it is where it begins. The city of Rostock grew like no other in the GDR, from 133,109 in 1950 to 253,990 inhabitants in 1988, the seventh largest city in the Republic, outgrowing the hitherto larger cities of Erfurt or Zwickau in the process.\textsuperscript{712} On the strategic landscape, it was in fact the Republic’s fourth most important urban center after the metropolises of Berlin, Dresden and Leipzig. The GDR’s apparent industrial success (ranked the world’s tenth industrial economy by the World Bank in 1980), and its eager participation in international trade,\textsuperscript{713} did in fact spark

\textsuperscript{710} BA\textsuperscript{r} Arch, DY 30/IV 2/2/98, p. 5, Sitzungen des Politbüros des ZK der SED, Protokoll Nr. 98 vom 16 Juli 1950. See also: Paul Olbrich, \textit{Die Schifffahrt in der sowjetischen Besatzungszone} (Bonn: Materialien zur Wirtschaftslage in der sowjetischen Zone, 1958), 74-83.

\textsuperscript{711} BA\textsuperscript{r} Arch, DY 30/J IV 2/2/438, page 4, Protokoll Nr. 41. Politbüro, Tagesordnung vom 6. September 1955

\textsuperscript{712} After the following Wikipedia entry, accessed May 11, 2017, https://de.wikipedia.org/wiki/Liste_der_gr%C3%B6%C3%9Ften_St%C3%A4dte_in_der_DDR

what seemed like a renaissance of the city’s Hanseatic heritage, at least when figures alone are considered. On the other hand, the city’s maritime economy was plagued by systemic inefficiencies endemic to all centrally planned economies. The foreign trade sector, one of the few junctures where those economies had to measure up to the world economy on a regular basis, was where the system’s performance could be seen in a relentlessly truthful mirror.

The very nature of the work performed by the maritime employees was inherently problematic given the autarkic design of an economy born in the Stalinist period. It was the inescapable proximity to the capitalist West that rendered the surveillance job particularly challenging for the Stasi and the other, numerous policing organs of the Republic. On the one hand, the inherent ideological perils faced by the seafaring crews supplied a convenient and permanent excuse to ask for ever more resources to assure their bureaucratic growth, which continued unabated right until 1989. On the other, a concrete wall could not be erected along all of the several hundred miles of the Baltic Coast. The rules of the game in foreign ports (and to some extent: in domestic ports as well) were also not up to negotiation, as they were regulated by international agreements. In no other place in the Republic was there such an extensive, year-round opportunity for its citizens to come into all kinds of contact with foreigners, particularly those sailing under a capitalist flag, as in Rostock. This opportunity was one of the main magnets attracting East Germans to the city, rendering it one of the few places in the country toward which people flocked, even if they sometimes did so precisely in order to flee sooner rather than later.

It has become common wisdom to think of Leipzig and Dresden, with their Monday-demonstrations and other mass protest events of 1989, as the main hotspots of opposition in the GDR outside of Berlin. Rostock and the entire northern region has suffered from a general of lack of domestic, but especially foreign, attention. In Germany, the region has earned an overall reputation for being effectively subdued, in 1953 and in 1989. This unfair image might well as be a continuation of the perennially peripheral, backward image and (admittedly) reality of Mecklenburg-Vorpommern ever since the demise of the Hanseatic League. Otto von Bismarck was fond of thinking that, when the world was coming to an end, one could always go to Mecklenburg, as it will end fifty years later there, which he ultimately did. This picture filled with parochialism and conformism has recently been questioned by several German scholars. But not only scholars. In 2009, in a book entitled Quiet in Rostock? No way. A retired Stasi colonel reports, the last Stasi commander of the Rostock Province (Bezirk) paints an entirely different picture. The main thesis put forward by Colonel Artur Amthor is that the relative (and transitory) peace and quiet in the north was not associated with any particular characteristic of the local residents, certainly not with their alleged sluggishness, but with the singular strength of the Stasi apparatus in the region, which was a direct function of the maritime, and thus much more dynamic and cosmopolitan, character of the region.


715 Quoted in: Christian Halbrock, Freiheit heißt die Angst Verlieren…, 51


Chapter V showed how a large part of the GDR’s foreign trade sector was quietly (mis)managed by the covert KoKo agency, side by side with the Stasi. It examined the nexus of influences between the more-or-less covert security services and agencies and the new configurations in Cold War geopolitics, inter-German relations, intra-Soviet Bloc politics, world trade and logistics, international tourism, technological espionage, East-West sanctions and a plethora of other macro developments. Studying the Stasi’s surveillance of the East German ‘window to the world’ – the Überseehafen and the city of Rostock – allows for an insight on just how singularly problematic and tantalizing that region was, especially in the context of centrally-planned autarchic economies trying to enter the world market. It was a place where the level of direct and indirect state surveillance reached its zenith, but also where immense profits could be made, right on the margins of socialist legality. This chapter highlights the dual task the Stasi was assigned with: 1) to secure a totalitarian (ideally) level of control over the flow of people, goods, capital and ideas across the maritime border while 2) making sure the KoKo’s covert operations across the very same border could proceed smoothly. On the one hand, the evidence amassed in this chapter supports the conclusion that the stereotypical image of the GDR as the Soviet satellite that came the nearest to the panopticonic ideal of an Überwachungsstaat has a lot in common with reality. On the other hand, even that titanic effort of the ‘Red Prussian’ bureaucracy turned out to be sisyphean and counterproductive in the end.

In general, the shores of East Germany were exposed to many unique kinds of ‘hostile influences’ that were non- or barely- existent in other parts of the Republic. The Baltic coast was exposed to a peculiar kind of information war, including balloon bombings incoming from
Schleswig-Holstein and Scandinavia. On April 14, 1964, for example, 12,050 flyers were found in vicinity of the Bad Doberan seaside resort, all dropped from special balloons, the removal of which necessitated “special efforts of the state security [forces].” Other materials dropped included a Cold War version of fake news, such as the “falsified [copies] of the Neues Deutschland” newspaper. Western propaganda reached the region also via “floating red rubber balls.” 1,750 of them were found near Warnemünde in the summer of 1964. “More vacation for the NVA [the East German Army], more beach for the vacationers” was the message. In general, the Baltic shore, due to its very geography, was the only semi-open border of the Republic after 1961, while its foreign trade could not have been serviced without some form of contact with foreigners, an inherently problematic situation. This chapter begins to explore this hitherto neglected episode of the Cold War East (and West) German history.

8.1. The Wall on the Baltic Sands

An insight into the approach of the security apparatus toward the maritime sector can be gained from a speech by a Stasi Mayor named Henschel, made at an internal MfS conference in July 1971 in Rostock. The Mayor focused his attention on the problematic milieu of seafaring personnel, especially those who had the permission to visit foreign ports. “We, the employees of the Rostock provincial administration, [have to be careful] especially with respect to the merchant and fishing fleets. [...] Since 1968, there has been a slight increase in the number of illegal abandonments of the GDR by [that] personnel. [...] In the first half of 1971, a total of 36 GDR crewmembers left the country while abroad, 28 of them worked for the merchant fleet, and eight

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718 BStU, BV Rostock, M-MN, Delikterblochkartei, l. 191, Schriftliche Hetze Unbekannt.
for the fishing fleet.” The most important reason behind those Republikfluchte “was the political and ideological diversion to which seafarers are exposed to during their journeys into capitalist foreign countries, [where] intensive recruitment activity by Western shipping companies takes place.” It was none other than “the imperialist secret services” that were responsible for luring their fellow citizens into flight, and not infrequently – “ordered them back for espionage purposes.”

The Dienstanweisung (MfS Decree) no 1/64, also known as Operation Leuchtturm (Lighthouse), was designed to put an end to the phenomena of maritime escapes, espionage and all kinds of related subversion, but it failed to do so, the mayor admitted. His speech was also a reaction to the December 1970 Massacre on the Polish Baltic Coast, which was naturally interpreted to be “a provocation” instigated by foreign secret services. Its coastal location was explained precisely by the kinds of phenomena observed by the MfS in its own backyard, i.e. the treacherous plotting of émigrés-turned-spies. What the Stasi feared now was the consequences of the intergovernmental Polish-East German agreement signed on May 25, 1971, which allowed for the employment of Polish workers in East German factories. The officers braced themselves for the “political-operative preparatory work in the field” awaiting them, since many Poles from the country’s northern fringes were expected to arrive soon, which rendered “a whole range of ideological problems” likely to arise in connection with the aftermath of the December

719 BStU, BV Rostock, Stellvertreter Operativ Nr. 20, l. 46, 72, 74, 100, Referat Major Henschel and der Dienstbesprechung an 29.7.71.

720 BStU, BV Rostock, Stellvertreter Operativ Nr 20…, l. 47.

1970 Massacre. What was particularly alarming in this increasingly volatile environment was that an increasing number of Stasi’s own agents entertained “petty-bourgeois conceptions of life, indulged in a lavish lifestyle, and exhibited the need for status-claiming [behavior] [Geltungsbedürfnis]. [...] Private entrepreneurs, with whom operational contacts are established, are the true role-models for this way of life. The funds illegally acquired by them are used to win women, procure alcohol, construct dachas and acquire automobiles.”

Another insight into the specificity of the East German Baltic coast is provided by a dissertation written by the Stasi officer Detlef Wallasch in 1986. He singled out the West German sailors, especially those frequenting East German ports on a regular basis, as one of the most dangerous, subversive groups threatening the stability of the regime.\(^{723}\) In 1980 alone, 246 coaster vessels (just one among many other categories of vessels anchoring at Rostock) from the FRG visited East German ports, adding up to a tally of 1,630 visits. Many of the thousands of sailors who came onboard were West German spies, or that was the case if the dissertation is taken at face value. One of them was captured in Poland in 1980, together with the ten reports he had written about the Warsaw Pact’s military secrets. The captain was on the BND’s payroll at least since 1976. He went through training in West Germany and was equipped with advanced communications technology when arrested. But by the mid-1980s, the Stasi was taking non-military threats equally seriously. What worried them in particular was that the West German seamen often arrived with barely disguised “marriage intentions.” The number of Übersiedlung

\(^{722}\) BStU, BV Rostock, Stellvertreter Operativ Nr. 20…, l. 60.

\(^{723}\) MfS JHS 20527, Vertrauliche Verschlusssache VVS-0001 MfS JHS-Nr: 277/86, Zur weiteren Qualifizierung der Erarbeitung von operativ-bedeutsamen Informationen in Richtung Spionage im Rahmen der politisch-operativen Abwehrarbeit zu Schiffsoffizieren der BRD- Küstenmotorschiffs bei ihren Aufenthalten in den Seehafen der DDR.
[re-settlement] requests originating from the contacts they had developed with East German female citizens was on a constant rise. This circumstance gave birth to the phenomenon of East German women moving to Rostock solely with the purpose of finding a West German husband, or so the Stasi believed.724

In 1980, the GDR became the world’s tenth industrial power. The Republic boasted one of the largest export volume ratios per capita, according to the World Bank. Consequently, the East German maritime sector had no choice, but to “maintain diverse commercial contacts with the capitalist overseas, also in the FRG.” The VEB Deutfracht, the state-run shipping agency, for example, had developed a number of international business contacts and established its own branches “in the most significant centers of maritime traffic” worldwide.725 Proportionally to the East German export successes around the globe, the Stasi’s workload grew respectively, yet the focus remained centered on West Germany. Below are a few strategies, suggested by officer Wallasch, for selecting potential informers who could help to secure the maritime sector of the economy on the informational front:

We must concentrate on those who retain frequent contacts with the FRG seamen. This milieu is of significant importance for the realization of the interests of the secret services due the unique kind of knowledge that it possesses, which is especially useful for counterintelligence purposes. [Particularly targeted were those GDR citizens who [were able to] establish long-term contacts with FRG sailors, and to take them into the non-professional sphere [Freizeitbereich]. […] Barmen, taxi drivers, dock workers and others who were in frequent touch with FRG sailors on land are to be constantly interrogated. […] Those among the GDR citizens who have submitted an Übersiedlung Antrag, those who have moved to North Germany and those who occupy themselves with maritime professions in West Germany as to be included as well.726

725 MfS JHS 20527, Vertrauliche Verschluissache VVS-0001 MfS JHS-Nr.: 277/86, p. 43.
The most reliable strategy of obtaining information was to catch a West German seaman red-handed, either while he was committing a legal violation or at any other “objectively useful circumstances.” The most frequently violated category was by far the Zoll- und Devisenbestimmungen [customs and hard currency regulations]. Another common category: trespassing the internationally sanctioned Landgangsbereich, the officially recognized minimum zone of mobility within port grounds. Needless to say, Neigungen (proclivities) and Liebesverbindungen (romantic relationships) of West German seamen were to be exploited for the sake of recruitment. The most productive source of information, in officer Wallasch’s evaluation, were the “unofficial capacities [i.e. secret informers] of the Abteilung Hafen [Seaport Department],” a special Stasi-run unit charged exclusively with monitoring the Überseehafen Rostock.727

8.2. Rostock: The East German Window to the World under Stasi Watch

In 1980, the Überseehafen Rostock celebrated its twentieth birthday. During the first two decades of operations, the port transshipped 180 million tons of goods and serviced 45,500 ships from 63 countries. The port had been connected directly with East Berlin with a modern autobahn two years earlier, but 95 percent of the cargo was still dispatched in and out by railway, thanks to the state-of-the-art Ro-Ro container facilities. In a normal year, 40 percent of GDR’s foreign trade arrived by sea (over 50 percent for the non-socialist zone), 80 percent of that maritime cargo fell

727 MfS JHS 20527, Vertrauliche Verschlusssache VVS-0001 MfS JHS-Nr.: 277/86, pp. 37, 43.
to Rostock.\textsuperscript{728} The port’s operations were subject to a comprehensive system of control jointly run by various state policing organs: the Zolldienst, Volkspolizei, Volksarmee, Volksmarine, Stasi, Grenztruppen.\textsuperscript{729} Furthermore, an additional unit within the Stasi, the Arbeitsgruppe Bereich Kommerzielle Koordinierung (AG BKK) was created to make sure KoKo’s rank-and-file also stayed in line. The AG BKK was run by a Stasi General Rudi Mittag, second in command after Erich Mielke.\textsuperscript{730} Their job was to make sure the Sonderlieferungen, such as the simultaneous weapon shipments to Iran and Iraq, proceeded smoothly. On top of all those institutions, another special-purpose Stasi department codenamed Abteilung Hafen was brought to life to supervise the tens of thousands of employees working in the port.

In 1959, a year before the Überseehafen was inaugurated, the (at the time) biggest Stasi regional office was established in Rostock alongside an equally large prison complex.\textsuperscript{731} The surveillance process became particularly strict after 1974. A new decree on Enhancing Security and Order significantly increased the degree of control that the Stasi held over the port and other aspects of life in Rostock. It was that decree that eventually made it possible for every single East German seagoing vessel to be “occupied” by at least one Stasi informer.\textsuperscript{732} Among the locals, it was commonplace to think of every second employee of the DSR [Deutsche Seereederei, the main


\textsuperscript{729} Siegfried Köhler, \textit{Überseehafen…}, 142-143.

\textsuperscript{730} Reinhard Buthmann, \textit{Die Arbeitsgruppe Bereich Kommerzielle…}, 14.

\textsuperscript{731} Anne Kaminsky, eds., \textit{Orte des Erinnerns. Gedenkzeichen, Gedenkstätten und Museen zur Diktatur in SBZ und DDR} (Berlin: Ch. Links, 2007), 263-266.

\textsuperscript{732} Brigitte Goetz and Harry Wenzel, \textit{DSR - Deutsche Seereederei Rostock} (Hamburg: Köhlers Verlag, 2004), 7, 26.
state-run merchant fleet] as an informer.\footnote{BSTU, MfS, BV Rostock, Im-Akte Wera, AIM 3962, Teil I, Band I, l. 162-163, Quelle IMS Wera, Hauptmann Bohnhoff, Bericht, Rostock, January 28, 1988.} The Stasi’s internal instruction no. 3/75 (1975) specified the role that the Customs Service was to play in helping to secure the flow of goods, people and ideas crossing GDR’s borders. Department VI of the Stasi was dedicated specifically to monitoring the cross-border tourist traffic and the Interhotels. Its regional branch in Rostock was particularly well-staffed.\footnote{BSTU, MfS, BV Rostock, Archivsignatur 189 VI, Auskunftbericht über geplante Maßnahmen zur inneren und abwehrmassigen Sicherung im Verteidigungszustand. Objekt: Hotel ‘Netpun’ Warnemünde. Bezirksverwaltung für Staats sicherheit Rostock Abteilung VI, November, 10, 1982.}

The Stasi’s regional branch in Rostock had another special subdivision: the already mentioned \textit{Abteilung Hafen}. The number of IMs [secret informers] working for the AH reached nearly one thousand: 799 in 1972, 842 in 1989. It was ca. 15 percent of all IMs recruited by the Stasi in the entire Bezirk Rostock.\footnote{BSTU, MfS BV Rostock, HA XIX, Archivsignatur 2450, Entwicklung des IM/GMS-Systems der Abt. Hafen im Jahr 1972, l. 280; MfS BV Rostock, ZIAG, Archivsignatur 27250, IM-Gesamtbestand, March 31, 1989, l. 62.} The AH cooperated closely with the Second Department (Abteilung II, counterespionage), the HVA (counterintelligence) as well as with the regular police and military units, all to “protect KoKo’s special [foreign trade] businesses,” most of which sooner or later had to pass through Rostock.\footnote{Matthias Judt, \textit{Bereich…}, 43.} At least five directors of the \textit{Überseehafen} worked as secret informers for the Stasi in the 1980s.\footnote{Brigitte Goetz and Harry Wenzel, \textit{DSR Rostock…}, pp. 29, 63.} Additionally, Rostock’s Stasi Department VIII was responsible specifically for “prophylactic monitoring” of the cross-border traffic, including all diplomats and journalists, not to mention the OPKs, \textit{Operative Personenkontrollen}, i.e. the enhanced surveillance of targeted, high-profile and high-risk individuals. Department VIII had one
of its operative quarters in a room in a Kurhaus [spa house] located right across the street from the seaside Neptun hotel, the Republic’s number one Baltic resort, where the Stasi made sure that “all important hotel guests” could be “documented upon arrival through extensive photographic evidence.”

The main task of the Abteilung Hafen, according to a senior Stasi officer, apart from providing security for the flow of domestic and foreign trade (including “protection against boycott and pressure by capitalist merchant fleets on the maritime traffic front”), was the “provision of hard currency as a contribution to the current account balance of the GDR.” Those two task were tallied exactly next to each other on the same page of a Stasi-written document. On the one hand, the enemy was to be kept as far away as possible from the vulnerable nexuses of the East German economy and from its less reliable citizens, one the other – as much of his hard currency as possible was to be intercepted. To achieve the latter, the GDR run joint enterprises with many companies based in Hamburg, Antwerp and London (Interschiff Hamburg, Sogemar Antwerp, ATL London) and with over 300 shipping agents worldwide. The DSR, the merchant fleet, had 28 permanent offices in capitalist countries, with 52 employees. The DSR regularly participated in world maritime traffic conferences, employed 245 Reisekader and 179 Verhandlungskader [foreign-travelling agents] servicing the non-socialist world. They main point of all this cooperation was to encourage the country’s capitalist partners to rent East German vessels for transport, shipyards – for construction and repair, and ports – for servicing and transshipment.

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738 BStU, MfS, BV Rostock, Abt. VIII, Nr. 61, l. 2, Einschätzung zur Gesamtsituation der ständigen Beobachtungspunkte, deren Funktion und Abdeckung.

In the 1960s, some of the best customers of the *Duty-Free Shop Ostseebad Warnemünde*, the first establishment of its kind in the country, were “the Danish professional contrabandists,” who bought up to 400,000 American cigarettes per visit and smuggled them back to Denmark. A trip with “the fastest motorboat of Scandinavia,” if *Der Spiegel* is to be believed, took only two hours both ways. The Danes placed 20,000 Danish Crowns into Walter Ulbricht’s hard currency coffers and received three or four times the amount back at home. “The quantity and methods of contraband suggest the existence of well-organized, financially strong organized criminal groups.” The Danish military counterintelligence entered the scene after some “rumors appeared that the Danish smugglers could be connected with GDR’s intelligence services.” Those rumors were exacerbated when the “contraband flotilla was photographed parked [...] under the noses of the East German policemen” with one of the ships actually named *Smuggler*. The *Smuggler* travelled with a speed of over 100 km/h, three times faster than the fastest boat of the Danish customs administration fleet. “So far the police have arrested seventeen smugglers and black market kings, confiscated one million cigarettes and six speed-boats.”\(^{740}\) The persistence of the Danish smuggling operations right until 1989 is confirmed by the Stasi’s own reports.\(^{741}\) The Danes were just one among over seventy nations visiting Rostock annually in the 1960s.

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While some of the details of the *Spiegel* story cannot be fully trusted, the strategic importance of the hard-currency economy in Rostock is demonstrated in the following table, which comes from KoKo’s own sources:

Table No 3. Number of Intershop Outlets in the GDR, 1977\(^\text{742}\)

<table>
<thead>
<tr>
<th>District</th>
<th>Number of Outlets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Berlin</td>
<td>26</td>
</tr>
<tr>
<td>Rostock</td>
<td>36</td>
</tr>
<tr>
<td>Schwerin</td>
<td>19</td>
</tr>
<tr>
<td>Neubrandenburg</td>
<td>7</td>
</tr>
<tr>
<td>Potsdam</td>
<td>17</td>
</tr>
<tr>
<td>Frankfurt/Oder</td>
<td>15</td>
</tr>
<tr>
<td>Cottbus</td>
<td>5</td>
</tr>
<tr>
<td>Magdeburg</td>
<td>25</td>
</tr>
<tr>
<td>Halle</td>
<td>17</td>
</tr>
<tr>
<td>Erfurt</td>
<td>27</td>
</tr>
<tr>
<td>Gera</td>
<td>17</td>
</tr>
<tr>
<td>Suhl</td>
<td>12</td>
</tr>
<tr>
<td>Dresden</td>
<td>14</td>
</tr>
<tr>
<td>Leipzig</td>
<td>20</td>
</tr>
<tr>
<td>Karl-Marx-Stadt</td>
<td>13</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>271</strong></td>
</tr>
</tbody>
</table>

\(^{742}\) BArch, DL2/KoKo/1108, l. 2. Protokoll, February 16, 1977.
Bezirk Rostock was the pioneer in and the leader of the Intershop business, despite its population being much lower than in the southern provinces. The Intershop network normally provided ca. one third of KoKo’s total revenue. Under Honecker it was 14.3 billion DM, with a rate of return reaching 70 percent. The number of outlets increased from 271 in 1977 to 470 in 1989. Starting in 1974, a GDR citizen could purchase goods in an Intershop with hard currency anonymously. In

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1979, a special Forum-check [a voucher received for *devisen*] was introduced and turned into the sole means of payments in an Intershop. The social resistance to that idea was so strong that it was abandoned a few months later.\footnote{Jonathan Zatlin, *Currency of Socialism...*, 23.}

Another insight into the significance of the *Überseehafen Rostock* can be gained from reading the correspondence between Schalck, Mittag and Honecker. Schalck often complained that the port was too small to service KoKo’s expanding business operations. In a letter to Mittag sent in February 1982, he warned that “the situation in the port has become pretty crowded” and apparently required a personal intervention from Honecker to ensure that the business kept on running smoothly, with many customers complaining about shipment delays.\footnote{BArch, DL 226 / 1436, l. 1, Brief Schalck um Mittag, Berlin 3 February, 1982.} Among the most frequent export directions of 1982 were Mozambique and Angola, other destinations included: Syria, Libya,\footnote{Libya already under Muammar Gaddafi. See: BStU, ZA, AIM 7735/91, Teil II, Bd. 4, l. 3. HA XVIII/7, IM Henry an Major Höfner, vom 12.3.1979: Bericht über die Teilnahme an der Reise der Partei- und Regierungsdelegation in die Länder Libyen, Angola, Sambia und Mozambique, gegeben am 7.3.1979} Algeria, Uganda, Ethiopia, Yemen, Nicaragua, India, Iraq, Iran, Botswana and Zaire. Altogether, it included 66 countries around the globe that were in some ways in touch with the *Überseehafen* in the 1980s. The hardware shipped by the weapon’s division of KoKo (ITA) included: ammunition, hand grenades, rocket launchers, field kitchens, tents, communication equipment, binoculars, bridging equipment, field printing stations, uniforms.\footnote{Uwe Markus, *Waffenschmiede...*, pp. 240-241.} Czechoslovakia was dependent virtually completely on Rostock as an outlet for its own considerable military-
industrial complex. In the 1980s, the port was the gateway for many *Sonderaktionen* (special actions, weapons export) under codenames such as: *Schild*, *Drittland* or *Welt*.\(^{749}\)

The number of IMs (*Inoffizieler Mitarbeiter*, Stasi informers) who kept the eyes and ears of the Stasi open in the port oscillated around 800 during the Honecker era. It was the highest number of snitches that the Stasi run in the entire Rostock Province, and one of the greatest single deployments in the country.\(^{750}\) The basic purpose was to prevent both local and foreign seamen from misbehaving, but there was also an objective of higher order. As expressed by a leading historian of the *Überseehafen*, Siegfried Köhler, “close cooperation took place between [the relevant state organs] in monitoring the port and the sea-bound crews in order to ‘protect’ the secret special businesses [*Sondergeschäfte*] of the Bereich Kommerzielle Koordinierung (KoKo) of Schalck-Golodkowski [...].”\(^{751}\) While up to 90 percent of GDR’s exports passed through the *Überseehafen* on their way out to the non-socialist zone, this figure approached 100 percent with respect to KoKo’s exports and imports, weapons in particular, “naturally all under strict secrecy.”\(^{752}\) The AG BKK was thus instrumental in enabling “the contraband of the Embargo-goods” to proceed.\(^{753}\) The overarching purpose was to make the GDR independent from the West German ports, and to facilitate a smooth passage for the Soviet military goods and personnel, bypassing the land route through the increasingly undependable Poland. Considering that all those

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\(^{749}\) Siegfried Köhler, *Der Überseehafen Rostock...*, pp. 139, 141.


\(^{751}\) Siegfried Köhler, *Der Überseehafen Rostock...*, 29.

\(^{752}\) Peter Przybylski, *Tatort Politbüro*, Volume II, 305.

\(^{753}\) Siegfried Köhler, *Der Überseehafen Rostock...*, 7.
top-priority and top-secret operations took place on a relatively small physical space of several square miles, it is not hard to imagine that the monitoring regime on the grounds of the Überseehafen neared the levels similar to those nearby the Berlin Wall.

8.3. The Neptun Hotel

The Überseehafen Rostock was thus a vital element in the entire KoKo scheme and a vital node in the Republic’s logistical system. But it is also far from accidental that the city of Rostock was the home of the first hard currency booth [Lade] in the GDR. It was established in 1955 and was a precursor to the future Intershop chain.\footnote{Bundestag, Bericht des 1. Untersuchungsausschusses des 12. Deutschen Bundestages..., 34.} The first full-scale Intershop was opened in Rostock in 1962. Together with a similar outlet in Leipzig, which serviced the westerners visiting the Leipziger Messe (the largest annual international trade exhibition), it was a pioneering establishment of its kind.\footnote{Stefan Wolle, Die heile Welt der Diktatur. Alltag und Herrschaft in der DDR, 1971-1989 (Berlin: Ch. Links, 1998), 75.} The resort town of Warnemünde, a few miles north of the port, housed the five-star seaside Neptun hotel. All of those establishments were aimed to capture the hard currency from foreign tourists, sailors, diplomats and other visitors. The Neptun hotel was the largest and most luxurious seaside establishment in the Republic. In Schalck’s words, its construction, sponsored by the KoKo, “marked the GDR’s entry into the international tourist business arena.”\footnote{Schalck, Erinnerungen..., 181.} The hotel had its own several Intershops inside.\footnote{The Intershops employed 52 out of 654 workers.} From its very inception, it enjoyed an exclusive “contract relationship” with the Hansatourist travel agency from Hamburg.
which was responsible for booking the majority of non-domestic reservations. Schalck himself was a frequent guest at the hotel, where he played skat with the director Klaus Wenzel, and where he negotiated deals with prominent socialist and capitalist partners, including Fidel Castro, Muammar Gaddafi and Franz-Josef Strauss.

The regime was chasing after every single D-Mark, but so were its citizens. With limited supply, some competition was unavoidable. Consequently, the Neptun became the first hotel in East Germany to introduce its own printing press. Special Neptun-Geld, Neptun-bills, exchangeable one-to-one to D-Marks, were introduced to limit the black market excesses within the establishment. Klaus Wenzel, the director, used his prior experience as a chief steward on the GDR’s only oceanic passenger cruiser at the time, the MS Völkerfreundschaft, the Friendship of the Peoples. Otherwise, the hotel guests were likely to engage in currency exchange operations with ratios of up to 1:10, instead of the nominal 1:1, he recollected. Those who did successfully exchange their D-Marks in such a ratio sometimes could not refrain from displaying their joy upon experiencing their currency’s purchasing power abroad. They threw the numerous one-hundred Mark bills into the air – “blue rain,” as it was called among the locals. The introduction of the internal house money was rationalized as necessary to equalize all the guests. Now, since

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758 BStU Rostock, Abt VI, Nr 989, l. 6-7, Auskunftsbericht über geplante Maßnahmen zur inneren und abwerhmassigen Sicherung im Verteidigungszustand, Objekt: Hotel "Neptun" Warnemünde, Autor Olt. Schwarz, 30.10.1982, Geheime Verschlußsache GVS-004, BVsS Rst-Nr: 405/82.


everybody had to pay with the same currency, it was theoretically impossible to say whether the
guest came from the East or the West.

What rendered vacationing in the Neptun a highly attractive prospect for the Wessies was
the combination of West German standards and East German prices. Organized groups could
obtain bargain deals through the Hamburg-based Hansatourist travel agency that negotiated
wholesale bookings directly with the KoKo. The Stasi was pleased with the Hansatourist as they
rendered “the political-operative counterintelligence easy.” The travel agency not only shared
information about their customers who were interested in travelling east, but also pre-selected,
according to their own data, the individuals who could be of “operational interest,” and informed
the Stasi of their arrival.762 But what made holidays in Warnemünde even more cost-effective were
the local “schwarz-devisengeschäfte [black market currency exchanges], secretly made in the
toilets and corridors.”763 For example, a West German groups habitually visiting Warnemünde in
the 1980s was able to exchange D-Marks to Marks 1:5, at a minimum. Such an exchange rate made
the vacations there “attractive, as they could prowl through all the best hotels, restaurants and
bars.”764

The Neptun was built by the Swedish company SIAB, one of the first and only capitalist-
executed projects in the Republic. The establishment opened in 1971, and it was a fitting

762 BStU, ZAIG, MfS-HA II Nr. 30371, l. 76, Operativer Auskunftsbericht zum Reisebüro unternehmen Hansa-
Tourist GmbH. HA VI Abteilung Objektsicherung und Tourismus, Berlin, 29.12.1979. Hansatourist was in fact
coverly financed by the KoKo. See: Schreiben Schalck-Golodkowskis an Generalsekretar des Zentralkomitees des

763 Judka Strittmatter, “Mit Castro…”

764 BStU, MfS, BV Rostock, Im-Akte Wera, AIM 3962, Band II, l. 137.
introductory tone for the new, bolder opening of the Honecker era. Barely a few months after the Neptun’s inauguration, on September 21, 1971, the Politburo ruled that 80 percent of the hotel’s capacity should be permanently booked for the FDGB, the state-organized trade union.\textsuperscript{765} This decision infuriated Klaus Wenzel and KoKo’s management: “[h]ow could a five-star beachfront hotel remain profitable if it was to host the trade unions, which paid in the domestic currency,” they argued. Quite convincingly, as it turned out soon. The share of the rooms occupied by the unions diminished steadily with time, even if it had never disappeared completely.\textsuperscript{766} Beginning in 1977, the Neptun delivered an annual profit of over 1 million D-Marks and the sums kept on increasing right until (and after) 1989.\textsuperscript{767}

The first union workers arrived in 1972. Each paid 310 Marks and received special bills to pay with at bars and restaurants, which, among other factors, made the unionized Ossies immediately recognizable to the hotel staff despite the internal house currency functioning elsewhere.\textsuperscript{768} Most Ossies could only obtain access to the Neptun through the FDGB,\textsuperscript{769} and the number of spots that was earmarked for the working-class vacations declined steadily. The demand for hard currency was too strong, making it impossible for an ordinary citizen to simply book a room in the Neptun, regardless of how many Marks he or she possessed. The exceptions to this

\begin{footnotes}
\item[765] BStU, MfS BV Rostock, Abt. VI, Nr 989, l. 8.
\item[767] Pohlmann, Friederike, \textit{Hotel der Spione: das” Neptun” in Warnemünde} (Schwerin: Landesbeauftragte für Mecklenburg-Vorpommern für die Unterlagen des Staatssicherheitsdienstes der ehemaligen DDR, 2008), 73
\item[768] BStU, MfS BV Rostock, Abt. VI, Nr 989, l. 8.
\item[769] Although a secondary market of (sometimes falsified or stolen) FDGB passes quickly developed around the Warnemünde train station. See: Judka Strittmatter, “Mit Castro…”
\end{footnotes}
rule were the sky bar and the ground floor with the milk-mocha-ice bar, the broiler bar and the disco, which were open to the public, given one was willing to wait in hour-long queues. The sky-bar, located on the top nineteenth floor, boasted a deck that could be closed or opened on demand, and hosted the first modern disco in East Germany, also available under a clear night sky.\textsuperscript{770} Other coveted spots, especially the legendary Seaman’s Pitcher bar, were restricted to the currency paying insiders.\textsuperscript{771} One could certainly smell the West inside (“Fa and Bac aromas in the bar, Colombian coffee in one of the three Intershops”), and almost see it. Or to be more geographically precise: to see the north. The Danish shores and the city of Gedser remained hidden behind the horizon line even when looking from the Sky bar on top, the tantalizingly short 50 km beeline. The impression made by the Neptun on the contemporaries has been captured well by the popular singer Hartmut Schulze-Gerlach: “when the entire country is gray and you suddenly come here and have a look, you think that an oil sheik cannot have it better.” Another unique feature of the Neptun was the common restaurant hall for East and West Germans.\textsuperscript{772} It was perhaps the only place in the entire country where strangers from both sides of the Curtain were given a chance to mingle (relatively) freely after 1961.

Nonetheless, the Neptun was among the most rigorously surveilled places of the entire Republic. The reception, bar and disco were the \textit{schwerpunkte} [focal points] of “political-operative counterintelligence measures. [...] It was in those areas that [our] employees are vulnerable to

\textsuperscript{770} Pohlmann, Friederike, \textit{Hotel der Spione...}, 9.

\textsuperscript{771} BStU Rostock, MfS BV Rst 30/93, Berichterstattungen und Beobachtungen zu Hotelgasten und Hotelangestellten des Hotelrestaurants "Seemannskrug" im Interhotels "Neptun" in Warnemünde und des Spezialitätenrestaurants "Riga" im Interhotel "Warnow" in Rostock durch einen Kellner als Inoffizieller Mitarbeiter Sicherheit (IMS) "Pedro" des MfS.

\textsuperscript{772} Pohlmann, Friederike, \textit{Hotel der Spione...}, 59.
hostile PiD and Kontaktpolitik/-tätigkeit [political-ideological diversion, foreign contacts]. It is here that intensive contacts that [eventually] lead to re-settlement requests [due to marriage] start.” As a countermeasure, the Stasi was responsible for a comprehensive provision of security through “preventive measures, detection and treatment of subversive attacks of the enemy within the structure [i.e. the hotel and its surroundings] under any political conditions.” The hotel was also used for “training purposes” by the Stasi, to prepare their young cadets to test the cutting-edge surveillance techniques available at the hotel.

The number of surviving files of the IMs who were in some way connected with the hotel exceeds one hundred. The Stasi informants ranged from the cleaning staff to the very director, Klaus Wenzel, alias IM Wimpel. The Stasi had their own operational headquarters, located in room no. 1719 on the seventeenth floor. While IM Wimpel was quick to inform on his subordinates, so were they, in the reverse direction. This was the essence of the system, a mutually assured denunciation. Certain IM Karli, one of the top managers at the Neptun, expressed it in the following words: “He [the director] is considered to be a fraud by the entire personnel. When one

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775 BStU, MfS BV Rostock, Abt. VI, Nr 989, l. 11.
compares his life experiences to his stories, it’s all sailor’s yarn, nothing more. He is of extremely boastful inclination, too. He thought it was necessary to let everyone know that a Volvo was his new company car, or to explain how much his new necktie pin, made of gold and real pearl, was worth, a random purchase, after all.”

Filling the Neptun with a sufficiently high number of IMs was a top priority for the regime. This issue remained problematic, however, because – as elsewhere – the informants were quickly ostracized by the rest, certainly upon disclosure, and likely upon suspicion. The solution was to recruit outsiders who also happened to be frequent guests at the hotel. The title of a dissertation defended at the Stasi academy says it all: “Provision of enhanced safety and order in the [Interhotels] through the utilization of external IMs for the sake of political and operational control of the hotel staff, as well for obtaining important political-operational information from the guests milieu.” The content of the dissertation was equally straightforward: “Based on the fact that most of the operationally significant hotel guests are male, it is desirable when the [external] IMs happen to be attractive, young female GDR citizens, who nonetheless do not belong to the HWG [Häufig Wechselndem Geschlechtsverkehr, a Stasi term for what the KGB called ‘ladies of easy virtue’] category. The practical experiences obtained so far suggest that such IMs often succeed in establishing and developing relationships, since many hotel guests from the NSA [capitalist countries] arrive unaccompanied, and are thus interested in contacting attractive women.” The author of the dissertation acknowledged, however, that the deployment of such women as IMs was

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776 BStU, ZA, IM-Akte 'Karli', Bd. II, Bd. Nr 3, A 209/80, Bl. 137

not without its inherent costs as “they could [well] become victims of the PiD [Politisch-ideologische Diversion] performed by the class enemy.” 778

The lack of experience of the “recently registered attractive female persons” was not necessarily seen as an obstacle by the Stasi. They had to be “constantly educated and influenced,” however, “to secure operational goals successfully, and to prevent them from utilizing the cooperation for their personal benefit. The goal of our educational work must be to prevent the intimate contacts from playing a leading role, but to nudge them in such a way that the contacts are as closely linked to the operatively-interesting hotel guests as possible, for the interests of the MfS [Stasi].” The main aim of recruitment was an attempt to “secure an even more effective level of control of the NSA persons, in particular from the FRG/West Berlin” who visited the Neptun’s bars. “Thanks to the recruitment of such persons, it is also possible to assume that operational control of the NSA [non-socialist] persons will also be possible outside of the hotel.” 779

The Stasi were particularly concerned with the problem of “individuals, who through frequent visits to the Hotel, hoped to build relationships with the Valuta-paying guests […] Among them are many young, attractive female GDR citizens, who are interested in initiating intimate contacts with the hotel guests in order to gain access to the freely-convertible hard currency. Most of them are already known as HWG persons in all the hotels [of] Berlin. Many of those citizens are disposable, however, as they do not possess the intellect that would be necessary to utilize them

778 Hochschule des MfS, MfS JHS 21437, 44, 124.

779 Hochschule des MfS, MfS JHS 21437, 44, 77.
as external IMs effectively.” The East German regime kept an eye on virtually all sex workers in the country and acted only under two sets of circumstances: either to induce a person to cooperate, if such cooperation was seen as desirable, or to scare him or her away from a particular location. Those persons who did seem of potential use for the Stasi were invited to cooperate. The candidates were made aware that they could be asked to “maintain contact with operatively-interesting persons,” “all the way to the intimate sphere.”

One of the most fruitful, in terms of amounts of information passed over to the Stasi, sex-workers employed in the Neptun was IM-Wera. Her real name was Ute. She was actively engaged in organizing disco-parties for fellow students already as a FDJ [party youth division] activist. She was then hired as a waitress in the Neptun at the age of eighteen, also thanks to her excellent command of English and Swedish. Ute was a member of the SED and remained very active as an IM from 1978 until 1989. Born and raised in Rostock, even before being recruited, according to the Stasi, Ute had developed “extensive contacts” with foreigners, “including the intimate sphere.” This was perhaps the main reason why the Stasi paid attention to her, on top of her “intelligence, […] articulate, attractive, sociable” characteristics and “a cute sporty physique that spoke to all men.” According to her Netpun colleague, IMS [a variation on being a secret informer] Helga, IM Wera “did not hesitate to bring her bodily attractions into play, particularly with regard to the acquisition of Devisen.” Even more importantly, she had already been receiving regular “telephone

780 Hochschule des MfS, MfS JHS 21437, 44.

calls from Hamburg” that happened to be “directly in the area of operations” of Rostock’s Stasi counterintelligence unit.⁷⁸²

Before she could be picked in a Mercedes-Benz on a regular basis as an IM, she travelled in a Trabant. In return for the money, protection and other perks, IM Wera provided sensitive information on those among her colleagues who were in touch with friends or family in the FRG. Those in West Germany who helped to organize Republikfluchts were known among the Stasi under the collective heading of KMHB, Kriminelle Menschenhändlerbande, or human trafficking gangs. IM Wera also served as a tour-guide in and around Warnemünde, supervising the organized group tours supplied by Hamburg’s Hansatourist, and kept an eye on “the Berlin milieu of smugglers.” One of them ended up being reported after he offered IM Wera a “business partnership in automobiles, leather-goods, whiskey, caviar, jewelry, etc.” This particular case was taken seriously by the Stasi, perhaps because of the alleged “connections to an embassy in Switzerland.”⁷⁸³

In April 1988, IM-Wera celebrated the tenth anniversary of her cooperation with the Stasi and received a few hundred Marks upon the occasion. Before that could happen, however, a month earlier, the Stasi requested one more favor. They were interested in learning the whereabouts of a

⁷⁸² IM-Akte Wera, Rostock den 12.06.79, Abteilung VI, Referat 1, bestätigt Stellv. für op. Aufgabe, Major Lübke, 1-2, 76, 79, 110-111. For a very analogous case of cooperation with the Stasi, see: IM Akte Helene, Archiv-Nr 2746, Rostock AIm 2746/85.

former Neptun employee who had recently escaped West. It so happened that, by 1988, a certain bowling club from the town of Hagen (North-Rhine Westphalia) had established a tradition of organized group tours to Warnemünde. The Stasi suspected they might know something about the missing person. Since IM Wera had by then developed “intimate contacts” with a member of the West German bowling club, she was asked to approach him. The Stasi had by then secured appropriate incriminating evidence of the bowler. It was both “violations of the GDR customs and hard currency regulations” and “extramarital, intimate contacts with GDR citizens.” IM Wera was advised to use that evidence to obtain the needed information. Furthermore, quoting the recently “closer relations between the two German states,” the Stasi indicated it was now possible to “share information with the respective FRG organs,” and consequently inform the wife and family of both kinds of violations. After “a kind of a shock” suffered by the blackmail’s victim, following “many minutes until he could answer a question,” he eventually agreed to cooperate. The West German did threaten, however, that he was going to spend his next vacations in Bulgaria. Later in the conversation, the victim confirmed his prior awareness “that quite a few marriages had already been destroyed [by this kind of tourism] in the GDR.”

This tactic, namely the simultaneous registration and tolerance of financial, customs and other violations across the Iron Curtain, and their selective usage for political purposes, eventually turned into a standard practice, not only in the GDR, but also across the entire Bloc. In this particular case, the Stasi used the fact that virtually all the guests visiting the Neptun engaged in some form of currency deals under the table. By the late 1980s, the hotel was being extensively video-surveilled. In a peculiar kind of a closed loop, a considerable part of the hard currency earned

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784 BStU Rostock, IM Akte Wera II, 123, 128, 130, 132.
by KoKo’s own covert operations was in turn used to purchase ever more sophisticated surveillance equipment, in order to make the blackmailing process of domestic and foreign citizens less labor-intensive. By 1988, the fraction of D-Marks held by East German citizens was estimated to equal 62 percent of the entire stock of cash in circulation.\textsuperscript{785} Despite the ubiquitous nature of this undesirable phenomenon, throughout Honecker’s entire reign, only two articles in the \textit{Neues Deutschland} [the main, official newspaper] were ever written with a passing reference to that reality.\textsuperscript{786} This paradox is illustrative of the kind of use that was made of the law under late socialism. \textit{De jure}, roughly one in two East German citizens were constantly violating the law. In the 1950s, this particular crime was punished with all the seriousness of the Stalinist apparatus of repression. Even though it was an open secret that such a state of affairs was prevalent, the topic remained a taboo in public. The state preferred to use the law against the citizens only when it was necessary to punish them for other deeds, which, as freedom of movement for example, were nominally guaranteed, but which at a given moment seemed more threatening to the regime’s stability.

Perhaps the most well-known and still murky event associated with Hotel Neptun is the death of the Minister-President of Schleswig Holstein, Uwe Barschel. Barschel, the youngest (38


years-old) Minister-President in German history at the time of his election, was found dead by two journalists in a hotel room in Geneva in October 11, 1987. It appeared to be a suicide. Much ink has been spilled over this case since then, with no consensus and no notable legal consequences. According to the leading expert on the Neptun’s communist history, Friederike Pohlmann, “allegedly, there did exist evidence that Barschel’s death was associated with transactions which he had negotiated in Warnemünde. […] The irresistible mix of rumors and newspaper reports on sex parties and weapons deals” enticed Der Spiegel to send the weekly’s best team of investigative journalists to search for traces in 1990. To some, but not much avail. While there exist specific Stasi files pertaining to Barschel’s visits in the Neptun, they do not reveal much besides several facts. He usually requested “the Italian room with a round bed,” he exchanged kisses with female GDR citizens in public, and danced with them in Neptun’s disco, if Stasi informers are to be believed. “Rumors were rife that the Stasi filmed Barschel’s sexual intercourse in his hotel room to blackmail him.” What is known is that Barschel did spend many weekends in Warnemünde, especially shortly before his death, travelling to East Germany at least nineteen times in his last year of life, with the East German seaside resort being his most frequent foreign destination. What is also certain is that Uwe Barschel, the Hanseatic Kommunistenfresser

787 A few TV documentaries, innumerable newspaper articles, two court cases, several books, e.g.: Wolfram Baentsch, Der Doppelmord an Uwe Barschel: die Fakten und Hintergründe (Berlin: Herbig, 2007); Heinrich Wille, Ein Mord, der keiner sein durfte: der Fall Uwe Barschel und die Grenzen des Rechtsstaates (Hamburg: Rotpunktverlag, 2012).

788 Pohlmann, Friederike, Hotel der Spione..., 76.

789 For all the Spiegel articles on this topic, see: http://www.spiegel.de/thema/uwe_barschel/ accessed 5 May, 2017.


791 Pohlmann, Friederike, Hotel der Spione..., 77. While no hard evidence exists to support this claim, it is clear that such practices were standard in the 1980s, as the IM-Wera files demonstrate beyond doubt.
[communist-eater] was at least as (and probably more) involved in the covert East-West business as his even more rhetorically flamboyant Bavarian counterpart Franz Josef Strauss.

8.4. The Magnet of Neighborly Hanseatic Connections

The power that the West German, and the larger Hanseatic, north-western European, magnetic field exuded upon the region and its inhabitants is evidenced by the systematicity with which the East German authorities organized public show trials against those employees of the maritime sector whose relations with their capitalist counterparts became a little too cozy, at least in their eyes. Those trials were designed to both direct and pacify the public discontent caused by the ‘excessive enrichment’ of some citizens employed in the foreign trade sector, and their deviation from the uncompromising ideological line. A few cases highlighting the larger trends are sketched below.

One of the most widely publicized trials of the 1980s involved the director of a company named AHB Limex and his five coworkers.792 AHB Limex was one of the main subcontractors servicing the VEB Schiffsmaklerei, the main subcontractor of the East German fleet. The AHM Limex supplied all kinds of vessel equipment, from heating pipes to electronics. The director, a loyal party member since 1965, was a graduate of the international relations department at Rostock’s Wilhelm Pieck University who had many years of international seafaring under his belt. The investigation concluded that he accepted at least 2,100 USD and 8,190 DM in cash, and 27,000 M in total, mostly in the form of gifts. The captain’s corruption drive remained undetected for at

792 BStU, MfS, ZAIG, Nr. 17214, Information über die Befragung von Mitarbeitern des VEB Schiffsmaklerei Rostock zu verstoßen gegen betriebliche Regelungen, 22 June 1988, Bezirksverwaltung Rostock.
least a decade. The rewards were accepted in exchange for securing new trade deals and improving the existing terms of trade for foreign shipping companies and intermediaries. The director also passed secret technical and business information to his company’s capitalist partners. “His lifestyle was shaped by striving after ownership [Streben nach Besitz], in particular of Western consumer goods. He owns a house, a boathouse, a sailing yacht, a VW Golf and many high-quality Western consumer durables. […] The captains of Western shipping companies and other business partners” sought to win his favors, not only by regular tributes of cash and gifts, but also by arranging joint cruises and escapades to foreign hotels and resorts, which eventually became “a normal business expense, [next to] liquor, cigarettes, chocolate and other goods, […] the bills reached 300 DM.”

Common personal gifts included: wrist-watches, travel bags, exotic spices, jewelry, shirts, ties, calculators and leather jackets. Joint birthday celebrations were not uncommon. The Stasi inquisitors were especially struck by the surfing equipment worth 1,500 DM, and the color TV set (600 DM), which was then resold by the director’s mother on the domestic black market for 2,000 M. The Neptun Hotel was of course a popular destination when it was the foreign partners’ turn to visit the largest port of Mecklenburg-Vorpommern. Seventeen foreign companies were identified as partners in crime, including: South India Shipping (SISCO) (India), VOEST-ALPINE (Austria), Stinnes AG and Sonomar Line (FRG) as well as Boliden AB (Sweden). 793

The Austrian VOEST-ALPINE was considered to be a particularly “regular source of income” by the six convicted East German managers, providing at least seventeen deliveries of ‘gifts’ between 1982 and 1985, 2,000 DM in total. The Austrian company, tricked by its own corrupt agent who colluded with the East Germans, kept on purchasing dunnage [cargo-stabilizing

793 BStU, MfS, ZAIG, Nr. 17214, l. 1-7.
wooden structures] from East Germany for 600 DM per square meter, while the same material could be purchased for ca. 130 DM in Hamburg. The East Germans did in fact charge 150 DM according to the books, but one of the East German agent falsified the papers, dividing the remaining 450 DM between himself and the Austrian. “It is an open secret in the entire company that the agents from the [capitalist] shipping companies are willing to accept such gifts.” In the words of one of their colleagues, they “got quite used to gifts, cash and other privileges [and kept on accepting them] out of egoistical motives.” All the Western agents were asking for in return was “efficient port passage” for their ships and cargos. What ultimately put the director of the AHB Limex on the Stasi’s radar was the fact that 1) he purchased a large homestead near Rostock and 2) paid for it partially in DM (2,000) and USD (800), and used other non-standard means of payment, which was more than indicative of his ‘extra-plan’ sources of income. The Stasi also did not fail to register the fact that he recently sold a home hi-fi stereo system on the black market for 12,000 M, which had earlier been brought by a Hamburg agent as a gift. 794

The state’s overall strategy of keeping its citizens in line emerges clearly from this case. By the 1986, the year of the director's arrest, it was not nominally illegal to use hard currency to purchase an apartment. But, as demonstrated by the case of IM Vera, disloyal citizens were charged with illicit currency operations only when other more serious political reasons (e.g. Republikflucht) became a concern. The legal system was thus full of in-built inconsistencies constructed precisely in such a way that 1) the state could keep an eye on potential suspects who approached the law’s not always clear-cut limits, 2) if (political) need be, other paragraphs could be conveniently turned

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794 BStU, MfS, ZAIG, Nr. 17214, l. 13-16.
against a citizen, if his legally borderline actions indicated that he could be engaged in other more seriously illegal activities that were considered a threat to national security.\textsuperscript{795}

Ultimately, the director was presented with a charge of emptying the GDR’s coffers by an equivalent of ca. 60,000 USD, in consequence of a suboptimal cement deliveries contract he had negotiated with the West German company Sonomar Line GmbH. He was also accused of receiving cash and goods worth at least 7,000 DM in return for the favor. Among other crimes, he remained in permanent touch with four other agents from the FRG, the Netherlands and India, all of whom he informed, among other things, on how to fill out the customs paperwork to secure undisturbed passage through the port and its numerous checkpoints.\textsuperscript{796}

The boss of the AHB Limex was hardly the first high manager to fall from grace by indulging in capitalist-sponsored consumption. Another high manager was charged and sentenced for analogous practices in 1980. This time it was the director of the fleet maintenance department of the VEB Kombinat Seeverkehr und Hafenwirtschaft, also based in Rostock.\textsuperscript{797} The director’s department worked closely with the FFV Schiffbau and the AHB Schiffßcommerz. He was an experienced, highly qualified specialist, active in the business since the early 1960s. In 1972, he became the director of the Repairs and Cooperation Department of the Schiffßcommerz. He was responsible for all exports and imports of advanced ship equipment and of technology license

\textsuperscript{795} BStU, MfS, ZAIG, Nr. 17214, l. 15-20.

\textsuperscript{796} BStU, MfS, ZAIG, Nr. 17214, l. 13-18.

\textsuperscript{797} BStU, MfS BV Rostock, Abt. IX, Nr. 40, Schlussbericht, Bezirksverwaltung für Staats sicherheit Rostock, Untersuchungsabteilung, Rostock, 24 June, 1980.
purchases. By the mid-1970s, he became one of the top executives in charge of the entire maritime-related export-import flow across the Iron Curtain in East Germany.\textsuperscript{798}

According to the authorities, the director “sought to create an [unhealthy] dependency relationship between the VEB Kombinat Seeverkehr und Hafenwirtschaft Rostock and the Western suppliers, in particular the Howaldt-Deutsche-Werft-AG Hamburg and the Barthels und Lüders GmbH Hamburg.” To achieve that purpose, he also “sabotaged the planned cooperation with the Polish shipyards.” Furthermore, he “abused his professional position as an internationally-travelling agent [Reisekader] in order to win significant material and financial gains from the representatives of capitalist firms, and to bring them illegally into the GDR.”\textsuperscript{799} He was charged with causing significant political damage to the maritime industries of the GDR, not to mention the material losses of 2.4 million Marks and 0.8 VM [at Valutamark 1:1 D-Mark], “not including the expected future loses.” For his activity, mostly between 1975 to 1977, the director was sentenced to a prison term of twelve years and received a fine of 10,000 M. Needless to add, all of his illicitly acquired assets were confiscated.\textsuperscript{800}

It was the “predominantly liberal attitudes in the Kombinat [...] and the underestimation of the enemy’s position and the danger it presented” that rendered the initial investigation particularly difficult for the Stasi. But they have finally managed to conclude that, through the directors’ quite sophisticated malversations, including document forgery, the East Germans ended up consistently

\textsuperscript{798} BStU, MfS BV Rostock, Abt. IX, Nr. 40, 1-2.
\textsuperscript{799} BStU, MfS BV Rostock, Abt. IX, Nr. 40, 2-6.
\textsuperscript{800} BStU, MfS BV Rostock, Abt. IX, Nr. 40, l. 33.
favoring the West German shipyards in their various biddings for vessel equipment. The Thyssen Nordseewerke in Emden, the Blohm & Voss AG in Hamburg and the Howaldswerke-Deutsche Werft Ag in Hamburg and Kiel were among the companies that were most frequently involved. The total tally of GDR’s financial losses amounted to 860,725 VM. The bulk of this sum was a result of the manager’s systematic preference for more expensive suppliers.801

The director also passed on business secrets such as price limits established for the GDR-run biddings and shared this information with the West German companies. He developed close personal ties with his counterparts at the Blohm & Voss and Thyssen-Nordseewerke, which frequently materialized in “alcohol-fueled negotiations. […] In his [negative] attitude, he was reinforced by the regular reception of the West German television.” Unsurprisingly, he was also discovered to be “a proponent of convergence theories,” meaning that he did not believe in the fundamental incongruity of socialist and capitalist world orders. In general, he “became a proponent of the bourgeois ideology of the allegedly one [and united] German nation.” Rigged negotiations in the Warnow Hotel in Rostock in October 1976, for equipment delivery and installation of the newly-constructed East German MS Eilenburg, led to a loss of 34,847 VM for the GDR. This was the case because the Thyssen concern was picked despite offering a price 60 percent higher than what could have been safely paid had a different supplier been chosen. Another example was the launching of the MS Georg Weerth in 1977. The decisive meeting took place in August 1977 in one of the Neptun’s bars. During the “heavy drinking bout” that unfolded, business secrets such as the details of offers from other companies, negotiating strategy (Verhandlungskonzept) or price ceilings were revealed, ultimately causing a GDR loss of 92,566

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801 BSU, MfS BV Rostock, Abt. IX, Nr. 40, l. 2, 7-9, 14.
VM. Another case in point was the MS *Theodor Fontane*, launched in 1979 with a loss of 134,000 VM. Especially the neighborly Polish shipyards, with their extremely price-competitive offers, were quietly crowded out of the pool precisely because of the strength of this German-German collusion. The director heard the final verdict on June 18, 1980, in the halls of the VEB KSR [the shipyard] with large participation of fellow workers and Rostockers.\(^{802}\)

Two top-end engineers from the VEB Deutfracht/Seereederei Rostock were sent to prison following a very similar sequence of circumstances.\(^{803}\) Both were high executives responsible for the fleet’s fuel supply (*Gruppenleiter und Bearbeiter Technische Betriebsstoffe*). Most significantly, they continued to order the Dual Purpose Plus fuel additive produced in West Germany, even after a cheaper domestic import-substitute has become available after 1980, incurring a total loss of over 2 million VM for the GDR. The original’s producer was the Hamburg-based Rochem concern.\(^{804}\) In his defense, one of the delinquents blamed the West German TV, which made him:

> “see things in the GDR differently, become more critical and discover the contradictions” of the socialist society. In his eyes, the GDR was simply not able to provide “an equivalent level of consumer supply as in the West. [...] As a sailor, I enjoyed special kinds of rights that, in addition to social security in the GDR, I was able to take advantage of [easily]. [...] I have always felt a bit special. If I needed something that I could not get in the GDR, I knew that the only thing I had to do was to go off the ship in the first capitalist port and buy it there. I really appreciated this opportunity, and I only realized how advantageous it was when I [had to] work on land in 1970. [...] One felt professionally elevated alone though the fact when one was mentioned [by the West German specialists] in technical discussions, or just walked in their company or visited their ships. They were impressive

\(^{802}\) BStU, MfS BV Rostock, Abt. IX, Nr. 40, l. 15-19.

\(^{803}\) BStU, MfS BV Rostock, Abt. IX Nr. 41, Schlussbericht, Bezirksverwaltung für Staatssicherheit Rostock, Untersuchungsabteilung, Rostock, August 18, 1986.

\(^{804}\) BStU, MfS BV Rostock, Abt. IX Nr. 41, l. 3.
in their professional and other aspects. They were ... real North German dudes [echte norddeutsche Kerle].”

A representative of a related company named Gamlen stared visiting Rostock in 1969. He “came to our workplace during those years,” one of the accused remembered. “With time, he started feeling almost at home here. Through his sympathetic, open-minded and generous ways, it was only natural for him to join us for a drink or two. He always came with a bottle of brandy, coffee, and cigarettes. After a cup of coffee, we started talking ‘cozy.’ So I got to know him not only through [business] negotiations ... but also personally.” One of the accused “entered into friendly relations with [the West German agent] already in 1969,” and started accepting envelopes filled with D-Marks in 1973. “[T]he intoxicating effect of the cash, the incessant desire for [more] exhibited by the accused, [led to] a violation of his professional duties,” wrote the Stasi. The usual value of gifts and envelopes was 50 DM, but this sum was enough to win the sympathy of the East German executive. Per usual, the first act of corruption was cautiously suggested at a restaurant table, and then materialized in the restroom. “After washing his hands, the West German said: ‘clever boy, you’ve just gained a new friend’ and put another 50 DM bill into my jacket’s pocket,” the corrupt manager confessed.

Joint port-city adventures, such as the maiden voyage of the MS Blankenburg, marked the passage to an advanced level of capitalist-socialist business relationship. In early December 1974, one of the engineers arranged an ad-hoc business trip to Hamburg, officially in order to better prepare for a test voyage of the ultra-modern MS Karl-Marx-Stadt, a pride of the East German

805 BStU, MfS BV Rostock, Abt. IX Nr. 41, l. 44.

806 BStU, MfS BV Rostock, Abt. IX Nr. 41, l. 1-3, 5.
fleets, scheduled to launch in mid-December 1974. As reported by a Stasi-informer who ‘supervised’ the journey undercover, the West German agent “financed several restaurant and ‘Reeperbahn’ [Hamburg’s red lights district] outings, as well as a shopping tour for the accused. [...] During the farewell, he handed over an envelope with 500 DM inside. [The money was then] brought into the GDR in violation of customs and foreign exchange regulations.” A return visit took place in Rostock in July 1975. “In gratitude for the agent’s ‘company’ in Hamburg,” the engineer organized a welcome-back evening party at his apartment that quickly “degenerated into a horrifying drinking binge.” A very similar escapade to Rotterdam followed in 1977, and to Antwerp in 1981, on the maiden voyage of the MS Schwerin. The latter included a lavish dinner “and a visit to a local brothel. Afterwards, both went to the hotel, where [the West German] stayed and where the accused expected to receive his remuneration. [...] The West German threw his briefcase on the bed, with a dozen 500 DM bills falling on the floor. He told [the engineer] that he can take as much as he wanted. He [...] took four 500 DM notes for himself. [The West German] then drove him back to the ship where they said good-bye. [...] These bribes were then [...] hidden on the ship and smuggled into the GDR in violation of customs and foreign exchange regulations.” Similar practices continued until 1985, and included visits to Hamburg, Rotterdam and Antwerp, as well as cash transactions of 200 to 2,000 DM, adding up to 11,500 DM in total for the engineer and his wife. Most of this data was gathered by the Stasi by means of video surveillance.807

The West German cash was usually spent by the two East German engineers in the Intershops, the Stasi officers observed. The items bought there included “a car radio, an oil radiator, home appliances, golden jewelry, crystal glass items, clothing, liquor, coffee, chocolate

807 BStU, MfS BV Rostock, Abt. IX Nr. 41, l. 4-6, 30-31.
products as well as cosmetics, subsequently handed over as small gifts to relatives.” As soon as the suspect realized he was under observation, he dug the money somewhere on the grounds of Rostock’s Neue Friedhof, destroyed “all value-intensive pieces of clothing and deposited value-intensive consumer durables, [such as] the suitcase TV, the sewing machine and the oil radiator at relatives and acquaintances.” It was the GDR’s customs officers who came to the rescue and finally raised the authorities’ eyebrow high enough. On December 18, 1985, they intercepted the West German Rochem agent with 6,800 DM in cash hidden in his car, most of it earmarked for bribes, as he confessed later in the investigation.808

8.5. Hamster

To obtain insider information, the Stasi had no choice but to encourage its agents to engage in the kinds of operations that they were subsequently expected to liquidate. Otherwise, it was too obvious too quickly that a ‘clean’ member of the collective was either an informer or suspect in other questionable ways. This fact also applied to the foreign intelligence community. A case in point is the story of a KP [Kontakt Person, a loose form of cooperation with the Stasi of a foreign citizen] Hamster. Hamster was one of the aliases, the other one was Apollo. The agent’s real name was Jan Aage Jappensensen.809 He was a citizen of Denmark, a member of the Danish Conservative Party and an IT worker at a Ford Motors production facility in Copenhagen. Hamster cooperated with the Stasi for at least five years (1981-1986), during which he received a full license for all kinds of trafficking operations that he conducted in and between Poland, both Germanies,

808 BStU, MfS BV Rostock, Abt. IX Nr. 4152, 65-66

809 The actual name (slightly) changed.
the Low Countries and Scandinavia. The case of KP Hamster is worth a few words because it is representative of the kind of a shift that affected the Stasi along its transformation from a political secret police to an underground economy enterprise emulating the KoKo blueprint.

Hamster’s first contact with the Stasi came on October 24, 1981. He was found smuggling 209 cartons (ca. 2,000 packs) of cigarettes and four bottles of alcohol across the Polish-GDR border checkpoint in Pomellen (near Szczecin), travelling Germany-bound. When Hamster was captured red-handed, the quantities of goods he smuggled easily qualified his deeds for the organized crime paragraph [Gewerbsmäßiger, gewaltsamer und bandenmäßiger Schmuggel], and therefore for prison time. But he was not even arrested. A Stasi Oberleutnant Horst Fischer, initially disguised as a customs officer, appeared at the checkpoint to ask a few questions. Hamster was happy and quick to tell him all about his extensive “earlier and current activity freely and openly.” Fisher was clearly impressed by Hamster’s feats, especially his cigarette and fox-skins contraband from Poland to Denmark through the GDR. Not less impressive was Hamster’s car: AMC Matador (GM), purpose-built to smuggle cigarettes by a body shop in Copenhagen that specialized just in that kind of tuning. The Danish citizen was offered cooperation. He did not remain ungrateful and “expressed his willingness to respect GDR’s laws on multiple occasions.”

810 BStU, MfS BV Rostock, AIM 47/93, Abt VI/4, Bd 1, IM Akte Apollo, BV Rostock, 77 [further editorial notation for this archival source: ‘Case Hamster’].

811 In just one among his many escapades in 1980, Hamster acquired 35 fox skins in Poland and smuggled them illegally to Denmark.

812 Case Hamster, 6.
The Stasi was also impressed with the extent of Hamster’s Polish connections. Crucial was the fact that the father of his (first) Polish wife was a member of Solidarność. Hamster spoke fluent Polish and had many friends and business partners in Poland. His Polish wife moved and stayed in Copenhagen illegally. “She reported to him” [sic] after she had read the following newspaper advertisement: “Wohnung mit Telefon ist frei für eine stabile Frau,” [An apartment is available for a stable woman] in the Danish daily Ekstra Bladet. Hamster’s task was to learn whether she and her friends or family were supporting Solidarność, and if yes – in what capacity. Occasionally, he was also asked to conduct surveys about particular events, such as Honecker’s official visit to Poland in 1983.813

The introduction of Martial Law in Poland complicated Hamster’s operations. In response, he was reassigned to a different front by the GDR’s “central authorities.” His new job involved reconnaissance work against a Hamburg company named Ost-West-Transfer GMBH, which Stasi considered to be a BND’s shell-firm and a KMHD, kriminelle Menschenhändlerbande, i.e. an organization that helped GDR citizens arrange a Republikflucht. The price was 16,000 DM for adults, 8,000 DM for children, the service was provided within four to eight weeks after application. For one of the reports on the Ost-West-Transfer GMBH, which was apparently considered particularly informative by the Stasi, Hamster received a payment of 2,500 DM in cash.814

813 Case Hamster, 77, 239, 273.
814 Case Hamster, 31, 78-79.
Hamster’s efficiency and knowledge was appreciated and soon he was asked to service other fronts as well. He regularly provided detailed information on the changing customs clearance regulations and practices on the other side of the Iron Curtain. While in East Germany, he normally stayed either in the Neptun or the Warnow Hotel. While on the road, he would rent out his apartment to a Danish sex worker for 200 DKR per day to supplement his income. In return for Hamster’s services, the Stasi would promise to engage in a “discussion about the kind of support that could be arranged by the customs administration.” He received anywhere between 50 to 2,500 DM in cash for each single report. In return for their generosity, the Stasi were requesting more information about “the spots, streets, bars and other localities where narcotics were traded (and at what prices),” as well as about the individual Danish Grosshandler [wholesalers, i.e. drug lords].

The Stasi did try to make business easier for Hamster, and he appreciated the opportunity. After a successful visit to the Warnemünde duty-free shop in late 1982 (estimated 3,600 DM in profit), he “thanked us for the support and said: Zollorgane sind die letzte Hoffnung für mich, da durch die Maßnahmen und der derzeitigen Lage in der VR Polen keine Möglichkeiten vorhanden sind, dort Zigaretten zu kaufen.” In other words, the Stasi were exploiting Martial Law in Poland to 1) sell the KoKo-imported, Western duty-free cigarettes, 2) while at it, they recruited ‘capitalist citizens’ to obtain information about and ultimately suppress the Solidarność. It was a self-propelling kind of virtuous circle, and perhaps an explanation behind Hamster’s alias, spinning in a wheel designed by higher powers.

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815 Case Hamster, 92, 94.
816 Case Hamster, 55. The GDR’s customs administration is the last hope for him due to the fact that the measures of Martial Law in Poland temporarily made the purchase of cigarettes in Poland impossible.
817 Case Hamster, 56.
With Poland closed off after the introduction of Martial Law, Hamster’s second best alternative was stopping by at a “bar in Hamburg, St. Pauli” and selling the GDR-purchased cigarettes there, which he did for over a year. In order to compensate for his losses after the Polish Martial Law, Hamster was allowed to purchase cigarettes in the GDR’s own Duty-Free shop in Warnemünde (paying with DMs) with Unterstützung [support] from the Stasi. After the Polish Martial Law had been lifted, he began travelling to Poland twice a month again. Despite, or perhaps because of the country’s chronic economic ailments, Poland’s black market still offered more competitive conditions than the GDR’s Intershops, or even the duty-free shops of Warnemünde. Stasi’s cooperation remained essential since it secured a safe passage through the GDR territory and border checkpoints. A brief (few-hours long) ferry cruise from Copenhagen to Warnemünde, then a two-hour drive to Pomellen (near Szczecin), border crossing, quick purchases in Poland’s second major international seaport, and then a drive back to Lübeck’s Hotel International was the default, “cheapest, most convenient arrangement.” Hamburg was by far the biggest market in the region, with inexhaustible demand for the kinds of goods supplied by Hamster, but it was also very competitive as “the occupying soldiers (American, English) purchased cigarettes at their bases and sold them for less than ‘we’ [the Stasi] did” to the local population. Consequently, Hamster usually sold the cheaply purchased tobacco in his home country. Other smuggling activity of KP Hamster included pornographic materials, which the Stasi grew more interested in with time, but Hamster disliked it as it was not nearly as profitable as cigarettes or alcohol.

818 Case Hamster, 199.

819 Case Hamster, 77, 153, 239.
A typical visit to Poland run as follows. One hundred cartons of cigarettes were purchased for 550 DKR (ca. 14 USD) and then resold in Denmark for 8,500 DKR (ca. 212 USD). Travel, visa and other logistical costs did not exceed 20 USD, meaning that 7,300 DKR of pure profit was left in Hamster’s pocket, a rate of return of over 1,000 percent. Hamster’s monthly salary was ca. 12,000 DKR (ca. 8,000 net), meaning that a single trip to Poland could equal, and sometimes surpass his legal income. His record purchase was three hundred cartons of cigarettes, with the profit nearly triple his salary at Ford. It was also at least double the monthly car installment he had to pay. While living just on his base salary as an IT worker at Ford, “he could not afford very much,” especially considering the high cost of living, taxation, and other burdens of the Danish welfare state. During the most severe phase of the Polish Martial Law, “he was left practically without financial means and it was thus objectively impossible for him to get by without the smuggling business or other illegal sources of cash.” The fact that he had taken loans “in ten different banks and credit institutions” (adding up to 10,000 DM and some 300,000 DKR), or changed his cars often (since August 1981 he drove a modified, smuggling-adapted Ford Taurus), did not help.\footnote{Case Hamster, 4, 19, 77, 91.}

A typical duty-free shop visit in East Germany from 1983 involved:

- 138 cartons of Prince cigarettes [over 2,000 packs], 2 cartons of Cecil cigarettes
- 4 bottles of vodka, 2 bottles of whiskey, 1 bottle of cognac

Thanks to all this additional income, Hamster was slowly “improving his financial situation,” the Stasi reported. In 1982, however, he divorced his first wife and married a second one, also from
Poland. The costs of divorce, and the lost lawsuit, unexpectedly worsened his financial situation. Furthermore, the East-German duty-free business was not as profitable as the earlier Polish escapades. In Poland, he could buy up to three hundred cartons of cigarettes per visit at much lower prices, a quantity the Stasi was unwilling to tolerate and a price that was below KoKo’s own import costs.\(^{821}\)

After consultation with the Stasi in the spring of 1983, the business was now “to be conducted in Poland” again, since Martial Law had already been lifted. Besides, Hamster’s Inter- and Duty-Free-Shop purchases “had become widely known” and were attracting some unnecessary attention “of other [GDR] organs.” After October 1983, Hamster could be reassigned to his original mission. He began a reconnaissance operation against the Polish Solidarity Support Committee based in Copenhagen. Uncovering foreign support for Solidarność became his principal task again, at least on paper. After 1985, due to his accumulated experience and confirmed loyalty, he was also assigned to the strategic task of invigilating West German seamen travelling to the GDR.\(^{822}\)

Overall, cooperation with the Stasi clearly suited Hamster, who, by 1986, became emboldened and wealthy enough to suggest smuggling hashish from the Netherlands. He claimed to have recently purchased 110 kg, “medium quality,” 1,200 DM per kg. “But this had to be transported in volumes of 10 kg or less, to make it through Denmark without any risk.” In Stasi’s estimation, Hamster was hoping to make 300,000 DM of pure profit from this transaction. But this

\(^{821}\) Case Hamster, 199.

\(^{822}\) Case Hamster, 229.
plan did not come to a fruition. Hamster was arrested in Lübeck [West Germany] on June 3, 1986 for smuggling over two hundred cartons of Polish-purchased cigarettes out of East Germany. He was sentenced to seven months in prison and four years of probation.823 What happened next is impossible to tell from his Stasi files.824

In general, case Hamster was just another incarnation of the business that had been flourishing at least since the early 1960s, as reported by Der Spiegel. The Stasi knew that Hamster was in touch with at least two Danish citizens who “had visited GDR’s ports in the past on a speed motorboat.”825 Now, especially in the early 1980s, the maritime channels were more problematic due to the NATO-Warsaw Pact naval standoff in the Baltic, and the growing drain of resources diverted back to the purely military section of intelligence work after détente was over. As visible in the Schalck-Mittag letter exchanges mentioned earlier, Rostock’s port capacity was already unable to fully service the regular traffic and Koko’s own business, including the time-sensitive exports to Iran and Iraq of 1982, thus the Stasi was very happy to rely on the agent’s personal means of locomotion.

Between 1981 and 1986, there were at least eleven Stasi-registered smuggling journeys of KP Hamster to East Germany (not including Poland, where the respective number was in the dozens) and eighteen ‘operational meetings’ during which ‘operatively sensitive’ information was

823 Case Hamster, 60, 98; 848/83, Reg Nr I, BStU; Beurteilung über IMB "Apollo"

824 For the continuation of this story, see the following newspaper article [in Danish]:

825 Case Hamster, 56.
exchanged. How could this operation run so smoothly for so long? According to Hamster, Western border control organs “were conducting detailed searches only when they were looking for terrorists.” But there was more to it than just terrorism. More generally, there was not much the GDR could offer to Westerners other than pure price advantage. Logically, the Western customs officials were usually busy checking the traffic flowing in the other direction, especially because their control on the way out followed the prior East German control. Needless to say, it was hard to find another country that controlled its citizens (especially on their way out) more thoroughly than East Germany. Another trick was to file for a Verwandtenbesuch [family visit] while crossing the Polish border, which happened to be true in Hamster’s case. An official certificate from the Danish tourist agency (Hansa-Tourist-Kopenhagen) which “legalized the transit status” of his trips through the GDR-FRG territory also helped, especially when entering West Germany.

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8.6. Freedom of the Seas

Despite the best efforts of the Stasi and related services, Rostock and other East German port cities offered a degree of freedom that could not be entirely eliminated. The level of control “often remained imperfect,” as a Stasi officer conceded in an internal report. According to international conventions signed by the GDR and other countries of the Bloc, crews of international-faring vessels had the right to go ashore in foreign ports. Furthermore, the host countries were obliged to offer food, lodging, medical, and any other services necessary. On paper, nothing could escape the Stasi’s attention, but sometimes the “messy bustle” proved to be too

826 Case Hamster, 56.

827 Case Hamster, 58.

much to handle even for them. This was true especially during the high season or during the *Ostsee Woche* festivities in the summer.\(^{829}\) While regular sailors and citizens of the Eastern Bloc often had to wait for hours, if not days to pass border or customs control, others barely noticed when they passed the border checkpoints. The Neptun director Klaus Wenzel or some Western politicians and businessmen, such as Uwe Barschel or Peter Lüdemann, often “greeted the officers and border patrol very jovially” and carried onwards, without even reaching for their passports.\(^{830}\)

“I wanted to go to the sea, which was also against the wishes of my family, because it was only in the high seas that a GDR citizen could achieve a degree of freedom,” wrote an East German sailor who served in the DSR for over thirty years. However, even there, “the surveillance system had been refined to perfection.” Virtually all captains were SED-members and they were assisted by political officers. “The beneficiaries of that system were often the lackeys and informers of the captain, they had a career out of it.”\(^{831}\) “As the Iron Curtain divided the world into East and West for four decades, the only possibility to travel West was when one’s employer possessed [some form of] economic relations with the capitalist firms,” wrote another DSR sailor named Peter Treu in his memoir.\(^{832}\) To be sure, many used the connections they gained in port cities to facilitate a successful *Republikflucht*. A faculty member of the Jena University and her story are a representative case in point. She met her partner in 1963, he happened to be a West German sailor. Rostock was subsequently appointed by the couple as a meeting point, right until 1969, when the

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\(^{829}\) Halbrock, *Freiheit heißt…*, 459

\(^{830}\) BStU, MfS, BV Rostock, AIM 306/83, Band I, l. 140, Tonbandabschrift von 9.10.1969, IM-Vorgang ”Wimpel.”


\(^{832}\) Peter Treu, *Weltreisender für die Handelsflotte. Auslandsgeschäfte im Auftrag der DDR-Staatsreederei*, Introduction.
Jena professor escaped West across the Berlin Wall.\footnote{BStU, MfS, HA XI, Mf-1239, Bd. I.} In 1978 alone, the GDR regime arrested 89 persons (mostly sailors) upon their return home from foreign trips, after receiving some kind of information that those persons were planning to eventually abandon the GDR.\footnote{BStU, MfS, BV Rostock, AKG, Nr. 173, Bd. I, l. 15, Bericht von Ltn. Schwalbe, November 29, 1978.}

In the larger comparative context of the Soviet Bloc, the East German Coast is a good point of departure for studying the ways in which the GDR began to diverge from other communist-controlled sectors of the Baltic. The operations of the KoKo and the overall effectiveness of the Stasi count as the single biggest factor explaining the GDR’s divergent trajectory. In fact, they set in a new, unorthodox pattern that was emulated across the Bloc only toward the end of the 1980s. But there are surprising parallels as well. The process of intense operational \textit{ausarbeitung} [monitoring and control] of the underground sector of the economy via secret police agents was certainly a common denominator across the Bloc. However, the process of the state crowding out the pre-existing black market actors, actors that the state was ideologically committed to liquidate, not replace, was pioneered by the SED regime. It was with some success copied in Poland, and ultimately (and with more success) in the Soviet Union, or to be more precise, in post-1991 Russia. It is not difficult to imagine that the history of similar institutions run by the state security apparatus east of Germany, and in particular east of Poland, still remains in the shadows. Without studying those communist institutions, their evolution and eventual metamorphosis, not much can be understood about the failure of free-market institutions in much of the post-Soviet space.
This chapter tells a story about one aspect of the GDR’s fraught relationship with the outside world, especially its capitalist core. At the same time, it never lost sight of the centrality of the German-German relation, also because this relation emerges as absolutely central, from all possible kinds of archival evidence that can be examined. It is yet another confirmation of the fact that this ‘special relationship’ always remained in the absolute center of attention, despite the attempts to paint the FRG as merely another capitalist antagonist or (rarely) partner, and vice versa.

“In real terms, the East German experience of economic shortage was certainly less acute than the Polish or Romanian experience. Yet the point of reference for East Germans was not eastern Europe, but West Germany,” wrote Jonathan Zatlin.\(^{835}\) Overlapping and extending outward from this relationship was the larger Hanseatic network of links and interdependencies spanning the entire northwestern Europe. Unlike East Berlin, West Germany had to compete with other sources of influence in Rostock, including those flowing from the neighboring Nordic world. Ultimately, the strength of those old Hanseatic connections, economic and cultural, interrupted so violently in the early stages of the Cold War, began to return with a vengeance, to fatally undermine the regime’s legitimacy and stability. As the regime liberalized its foreign policy in the 1970s, all the difficult aspects of the GDR’s relation with the globalizing world came to a confluence precisely in the strategic maritime sector. It was the case not in the least because it mirrored and duplicated the structure of the West German economy, beginning from sheer geography through their similar export profiles. As soon as any aspect of that economy was released from the insulated circulation system of the Comecon, it faced direct competition for global market shares from its Western neighbor. The GDR was ill-prepared to keep pace with the West German export machine, the machine that boasts a record of outcompeting many a stronger economy, before and after 1989.

The extreme politicization of economic life in East Germany shines through every single piece of evidence presented in this chapter. In general, all these pieces form a larger story of the eventual revenge of economics on the tight political straightjacket imposed by the ideologues and the security apparatus on economic life. This ultimate liberation would not have happened without the many individuals and firms described here acting on their own material self-interest, despite the innumerable regulations, restrictions and prohibitions, not to mention the grave penal consequences of overdoing it with ‘private initiative.’ The Stasi’s totalitarian ambitions, and the truly extraordinary and sophisticated methods of surveillance, could not prevent microeconomics 101 from happening indefinitely. As is widely known, it was not just economic laws that worked against the communist project in the long-run, but, as my contribution demonstrates, it was the state itself that ultimately could not resist following the logic of profit maximization. Initially, ‘front-line’ Stasi officers were allowed to engage in some of the nominally illicit economic activities, naturally for the sake of intelligence gathering. But eventually, the very top state officials started mimicking the actors they were supposed to police, and continued to do so on an ever-larger scale, and with decreasing embarrassment, often using criminal investigation merely as a pretext to identify another rent-seeking opportunity. After all, it was not the dissidents that the Stasi officers sought to emulate. It was the theoretically hated black market entrepreneurs, the Schmuggler, Schieber und Spekulanten. Therefore, it was not just the aggregate of disruptive, subversive private economic dealings of each single citizen that eventually made the entire structure collapse from within. It was also the fact that the state, including its very top echelons, found the pleasure of emulating its citizens illicit profit-oriented practices ever more irresistible. This chapter tells the story of those citizens, but also of the rank-and-file Stasi officers who had to
walk the fine line between doing their job and remaining true to their state’s ideology, while trying to provide a decent standard of living for themselves and their families. As in all the previous chapters of this dissertation, the signs of moral evaluation are not to be distributed lightly.
9. Conclusion

9.0. The Kronstadt Syndrome

The Russian Revolution of 1905 was trial-run in the Privilinskii Krai [Vistula Land], the name under which the Russian-ruled part of Poland appeared in the tsarist administrative lexicon at the time. In the first days of January 1905, workers from the textile factories of Łódź and Warsaw organized protest marches that were brutally pacified by the Cossack Cavalry, setting a pattern of resistance that was replayed in St. Petersburg and elsewhere in Russia a few weeks later. The Romanov Empire came to an end twelve years later, in 1917. The marching song of the Polish workers, the Warszawianka [Varsovienne, also known as the Revolutionary Song of 1905], became an inspiration for the Bolshevik Varshavianka. The song was popularized in the 1930s, with the lyrics rewritten to silence the context of origin. Another Polish workers’ revolution, the Carnival of Solidarity of 1980-81, had similarly profound and similarly transformative consequences. Twelve years later, by 1992, the hammer and sickle fluttering over the Kremlin had already been replaced by the white-blue-red tricolor. Rebellious Polish workers were in the vanguard again. On both occasions, they helped their native land regain independence, as a more or less unintended consequence of protest against what they saw as exploitation and repression.

One of the first reactions of Władysław Gomułka, the First Secretary of the Polish United Workers’ Party, to hearing about the riots on the Baltic Coast in December 1970, was to draw an

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analogy with the Kronstadt Rebellion of March 1921. The two-week uprising was one of the first and last major popular insurrections against Bolshevik rule. The Kronstadt Commune, as the movement was also known, consisted primarily of sailors and other maritime personnel, civilian and military. It was led by Stepan Petrichenko, an engineer on the Petropavlovsk battleship. The rebellion was one of the reasons behind Vladimir Lenin’s move to loosen the party’s grip over the economy by implementing the New Economic Policy. The Kronstadt movement was crushed by the Red Army after a two-week campaign, resulting in several thousand dead and many more wounded. The Polish December 1970 rebellion was also crushed by the army, a little faster and with somewhat lower casualties.

What ensued after March 1921 can perhaps be called the Kronstadt Syndrome. The Bolsheviks became wary of Leningrad and its environs, as well as inherently skeptical of the maritime sector as such. To no small extent, that attitude was associated with the way they won power in 1917, which included, among other subversive measures, instrumental channeling of the sailors’ discontent to storm the Winter Palace, or at least that was how they presented their coup d’état to the world. It was a strategy that backfired against them a few years later. The main demand of the Kronstadt commune was that ‘all power should belong the Soviets,’ not to the Party-dominated bureaucracy. The sailors were certainly not interested in restoring the monarchy, while the workers still remembered the appalling factory floor conditions in prerevolutionary Baltic shipyards. The December 1970 Protests in Poland, Gomułka was right, were indeed a reply of Kronstadt according to an intriguingly similar scenario. The Solidarity movement, which began

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837 AAN, KC PZPR 1354, V/90 (mikrofilm 2914), Protokoły posiedzeń BP KC PZPR wraz z załącznikami za rok 1971, Protokół nr 29 posiedzenia BP KC w dniu 29 stycznia 1971, Załącznik Przebieg i ocena wydarzeń grudniowych, l. 7.
ten years later, was an outburst of long-simmering outrage against the privileges of the nomenklatura, “a reversed class struggle,” as a Polish sociologist coined it.838 The Twenty-One Demands of the Inter-Factory Strike Committee, written down in the Gdańsk shipyard in 1980, certainly resembled the Fifteen Demands that the Kronstadt mutineers submitted to the Party in February 1921. Furthermore, communist Tricity was very much like Petrograd of 1917. It housed numerous large factories, all packed side-by-side along the Baltic coast and surrounded by vast slums, or socialist-realist plattenbaus at best, with a few wealthy districts scattered in between.

While the October Revolution of 1917 was spearheaded by the crews of the Baltic Fleet, it was the Baltic Republics that rode on the crest of the wave of nationalist mobilization that led to the disintegration of the Soviet Union in 1991. The grand arch of Soviet rise and fall, from the Baltic beginning to the Baltic end, is worth a comparison with a Nietzschean eternal return. Beyond being symbolically illustrative, the two moments of 1917 and 1991 also reflected two recurrent motifs in Russian history: the landlocked complex and Polish unruliness. Peter the Great’s Westernization drive became the cornerstone of one of the main meta narratives through which Russia perceives itself, and through which it has been perceived by the foreign eye. It is a country that suffers from periodic fixations with the idea of ‘catching up with the West.’ In the few centuries before Peter the Great, it was the Catholic Polish-Lithuanian Commonwealth that was the main point of reference for the zapadniki.839 The ‘Polish invasion corridor’ was among Stalin’s main strategic preoccupations at Yalta as well as at the two other Big Three conferences. Russia was able to defeat the greatest European land armies of their time (the French Grande Armée in


1812 and the Wehrmacht in 1941-45), sending her peasant sons for a parade through the heart of the continent on both occasions. In the meanwhile, Moscow was defeated on her own territory by an expeditionary corps of several Western maritime powers during the Crimean War.

Is a reflection on these grand themes of Russian history helpful to understand how the Soviet Empire in Central Europe and the communist project as a whole came to an end? A fatalist would say that these demons of the past are unlikely to rest in peace precisely because they feed on certain irreconcilable geopolitical tensions, and geopolitics will never go away. Fatalism aside, one of the benefits of applying such a broad comparative lens for scholars is discovering little-known parallels between Russia and her neighbors. In the context of this survey, such a parallel can be drawn between the Polish moments of 1970/1980 and the 1962 workers’ mutiny in Novocherkassk. The contexts and the contents of both protests resembled each other. Social justice issues were at the core of both. The Novocherkassk locomotive factory workers were in the avant-garde of a protest that shook Khrushchev’s regime and forced Moscow to pay more attention to the existential needs of the Soviet people. Moreover, Novocherkassk is a city located in the immediate hinterland of Rostov-on-Don, a large Black Sea industrial center as well as a seaside resort. Like in Poland, the protest included people not employed in maritime professions, but who were in direct proximity to them. Communist maritime cadres were better paid and supplied for many reasons. A substantial wage differential was considered necessary for attracting new talent to a profession that both Poland and the Soviet Union had little accumulated human capital to service. Furthermore, by definition, maritime cadres represented their respective countries abroad, hence they could not be worked to death, as was the case with the apparently more dispensable Novocherkassk and Baltic industrial workers. Rodzina marynarska, a sailor’s family, became a
symbol of status and privilege. It was often a target of resentment as well, in Poland, the USSR and the GDR.

This analogy between the Polish Baltic and the Soviet Black Sea is one among many common threads that can be uncovered thanks to the comparative design of this dissertation. A comparative geography of protest reveals other striking parallels and contrasts. All the port cities surveyed here were in some ways peripheral vis-à-vis their national capitals at the time. At the same time, they were right in the thick of transformative events. Szczecin and Gdynia are good examples of the ports’ ambivalent status in the national hierarchies of significance. Both were second-rate cities in Poland. They hosted no universities (until the 1980s) and had little cultural heritage to speak of in general. At the same time, together they serviced more than a half of the nation’s foreign trade. They could seem culturally provincial, but were certainly more cosmopolitan in their daily praxis. They were indeed an unusual mixture of parochialism and economic dynamism that embraced the globalizing world. Postwar Leningrad was not powerful enough to challenge the status-quo alone like the city did in 1917. Nonetheless, just like its southern Baltic cousins, it served as an entrepôt that welcomed new trends, values and goods, and transmitted them further inland. In East Germany, it was Dresden and Leipzig that have been traditionally seen as the epicenters of anti-communist protest. But it was not true that it was ‘all quiet in Rostock.’ My dissertation highlights the singularly strong penetration of the Stasi surveillance system in the region, which was dictated by the perception of the region’s inherently problematic potential. Rostock’s opposition played an important role in ending KoKo’s undercover empire and in supplying talent for the new political elites of reunified Germany.

Why did port cities, and their immediate hinterlands, keep revolting? What explains the persistence of the Kronstadt Syndrome from 1917 to 1991? Clustered social stratification, in a
socialist urban environment structured by the seemingly identically comfortable *plattenbauten*, was something missed by contemporary observers, especially foreign, who bought into the regime’s narrative of a workers’ paradise for all. Following the thaw of 1956, some shrewd observers began to perceive that it was, to no small extent, through a rather faithful adherence to the tenets of Marxist-Leninist orthodoxy that the central planners had transformed their respective societies into something resembling mid-nineteenth century Britain, as seen by Karl Marx when he wrote *Das Kapital*. Marxist-Leninist social scientists were fond of conceptualizing societies as composed of large blocks antagonistically interacting with each other in a Hegelian action-reaction spiral: workers and capitalists, toilers and intelligentsia, farmers and landlords, masters and slaves, state and society, etc. The Polish Baltic cities could be in fact compared to the Newcastle or the Liverpool of the nineteenth century. Many workers wondered how it could be that the workers’ state allowed its vanguard of the Lenin shipyard to fall so low in social and material standing. They did not blame globalization or free trade, but the Party. Revolution eventually devoured her own children. The first bite came from the very same dog that had been fed with promises for decades.

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841 More on the propagandistic usage of constructs such ‘the vanguard of the working class,’ or ‘heroes of socialist labor,’ see: Padraic Kenney, *Rebuilding Poland: Workers and Communists, 1945-1950* (Ithaca: Cornell University Press, 1997), Chapter V.
9.1. The Advantages of a Comparative View

The most self-evident conclusion of this comparative survey is that, institutionally speaking, the Polish communist regime was the weakest link of the Soviet Bloc. In addition to internal problems, People’s Poland repeatedly used the GDR and other neighboring countries as a safety valve mitigating the domestic labor surplus and the deficiencies in consumer supply. The GDR enjoyed a more robust *esprit de corps* among its ruling circles and relatively less corruption among the rank and file. It was managed by a more circumspect leadership that made sure the KoKo business remained as covert as possible, instead of pushing feudal-like tax and customs exemptions through the parliament, as it was the case in Poland. Volvograd, the SED residential headquarters in Wandlitz, became the symbol of veiled consumption of privilege in the GDR. In Poland, consumption of the forbidden Western fruit was much more in the socialist citizen’s face. It was a performative, theatrical public act that dated back the Sarmatic-Byzantine ideal of ostentatious display embraced by the early modern Polish nobility. It had little to do with Protestant Hamburg or Reformed Amsterdam, with their merchant business ethic of thrift, shrewdness and understatement. Functionaries of the GDR enjoyed access to closed beaches. In Poland, the jetty in Sopot, the longest wooden structure of its kind in the world, was the central agora for invidious comparison of all against all, a communist version of the Catholic sale of indulgences.

In Poland, the USSR and the GDR, similar alternative youth subcultures (*stiliagi*, punks, hippies and many others) developed roughly at the same time. Independently-minded young people were among the chief consumers of illicit Western imports. What made Poland different was not so much the fact that the nomenklatura was also among the customers of those who delivered Western garments and popularized new hairstyle trends, but that, very much in spirit of those identity markers, the apparatchiks made sure their access to theoretically banned
commodities and knowledge became public knowledge. In the GDR, the ostracism of the ideologically fallen functionaries, especially those who were in everyday contact with citizens, was much more severe. The Soviet Union was somewhere in between on this spectrum of ideological austerity.

The sources surveyed here reveal that an important reason for the imposition of the logistical *cordon sanitaire* around Poland after 1980 was that the regime itself could not be trusted. The ‘Solidarity virus’ could certainly become contagious, also waterborne, which in part explains the location of the special customs conference in Tallinn in August 1982. But Solidarity was just one among many Soviet concerns. Another was the fact the Polish regime was suspected of quietly encouraging various forms of mobility of its citizens, thus exporting some of the domestic problems abroad. This was certainly how the Polish policy was seen by the GDR and Czechoslovakia. The Polish regime could not be trusted to introduce Martial Law alone; it had to be constantly nudged from Moscow and supplied with ‘experts’ to expedite the process. The same kinds of problems applied to the issue of border control. ‘A weak communist regime’ might sound like an oxymoron, and it would have certainly not been seen that way by the innumerable people who suffered from its heavy hand in Poland. But what mattered in the final analysis was the system’s comparative underperformance.

Why was the Polish regime the weakest link? In a nutshell, the Polish version of communism suffered from a singularly weak oversight of economic life, in part because all available resources had to be deployed to the purely political front. Initially, the establishment of communist rule was relatively smoother in the Recovered Lands, including the Baltic port cities, as they offered many post-German assets to be divided among the ethnic Poles who promised to be loyal the regime. A counterpart of those war spoils in central Poland was the post-Jewish
property, but as Jan Gross and others have shown, that property had already been ‘redistributed’ largely spontaneously before 1945. In the GDR, the German-German context remained the greatest challenge throughout the period, but the regime’s institutions remained more cohesive and committed, also because of the singularly sharp contours of that rivalry. Beyond the totalitarian façade, the Soviet state had many cracks as well, not to mention the regional diversity of a multiethnic Empire that vastly surpassed Poland and the rather homogenous GDR. Severity of legal sanction for illicit economic crime was the harshest in the USSR, where the Gulag Archipelago was still functional even after de-Stalinization. In Poland, the penal apparatus originated from the same blueprint, but remained less effective, in part due to the higher social permissiveness for ‘black market speculation’ and widespread help in concealing its traces.

The Soviet Union had more difficulty in controlling its own population than popularly assumed, in part because much of the focus was diverted to identifying spies, tracing emigres and plotting foreign policy adventures, which led to undermanned and underinvested local structures. Counterintelligence abroad devoured a lot of talent, to the neglect of domestic affairs, especially after the elimination of the ‘nationalist-bourgeois’ opposition, such as the Forest Brothers in Lithuania, which nominally marked a termination of the ‘integration’ of the newly-added territories. Difficulties in enforcing administrative efficiency were especially visible in the maritime sector. There was never a large enough pool of experienced sailors and officers, which meant that the thoroughness of the purging routine had harder limits. The unsatisfactory state of customs protection was a chronic problem as well. Archival evidence suggests a picture exactly contrary to what a Westerner could have imagined when she crossed a Soviet border checkpoint.

at the time. Ultimately, the Soviet people became disillusioned with third war adventures while suffering from shortages and bespredel at home. Increasingly, they started asking questions about why so many resources were being diverted to Afghanistan or Angola.

The KGB was certainly a stronger institution than its offspring, the Polish Służba Bezpieczeństwa. Nonetheless, the Baltic periphery presented both with many analogous difficulties, both because of its maritime nature and ethnic diversity, which in Poland had been theoretically ‘solved’ by the flight and deportations of the local Germans, but that took care of only one among many ‘problems.’ Moscow had to send Lubianka-trained cadres to Pribaltika because it did not trust the locals to run the higher levels of administration. A similar relationship held true in the Polish Recovered Lands, where the local autochthones were marginalized and never brought anywhere near a position of power. However, there was never a pool of Russians large enough to police the Baltic Republics effectively, especially because the elite cadres had to be sent abroad for the always-prioritized intelligence missions. The wave of nationalist mobilization on the fringes of the Soviet Empire in the late 1980s took many by surprise, not least Gorbachev, who considered the nationalities issue as settled once and for all.843 They would have not been surprised had they studied the microcosm of ethnic tensions in the Baltic more attentively. That microcosm was rarely more densely concentrated than on a foreign-bound oceanic vessel.

9.2. Uncivil Societies: A Transnational Learning Process

The comparative framework is particularly useful when applied to examine the ways in which larger global trends affected the region. Reverberations of the end of the Bretton-Woods system and the Oil Shock of 1973 are two prominent examples. The ‘second wave of globalization’ and the ‘shock of the global’ affected all three regimes, but their impact played out differently. The comparative framework also demonstrates that, even with a common institutional blueprint, the regional idiosyncrasies influenced how those reverberations trickled down, affecting the local conditions differently. Regional specificities mattered, but common trends can be clearly identified, both within each country, and in the mutual learning process and cooperation across the Soviet Bloc.

The main insight permitted by the comparative framework is the uncovering of the differing degrees of plurality beyond the totalitarian façades of allegedly almighty state apparatuses. To be sure, the state as a collective corporate body held unlimited power when confronted with an individual citizen. But under late socialism, it was rarely insubordinate citizens that delimited state power, but rather the various adjacent state institutions that competed, and were encouraged to compete, with each other by the center. Oligopoly of competing institutional interests was a constant factor. Khrushchev’s de-Stalinization threw the system’s original design off course. The hierarchically structured institutions of Stalinism were rearranged and released onto a more level playing field, embarking onto often conflicting trajectories in result. Khrushchev’s chaotic fervor in reforming, the creative kind of bureaucratic destruction, was not conducive to administrative efficiency, if this term can be value-neutral. Kosygin’s reforms did not help in this context, either. The once introduced institutional oligopoly was hard to tame. It culminated in the succession power struggle in the aftermath of Brezhnev’s death in 1982.
Brezhnev’s principle of governance was stability first and foremost. His ‘Little Deal’ encouraged the policing institutions to focus exclusively on sizeable cases of corruption, petty violations were often swept under the carpet. That situation in part explains why the KGB, under Andropov’s leadership, began to turn against the party, but in particular against the MVD, MMF and MVT [Interior, Maritime and Trade Ministries], as it was in those ministries where corruption on a grand scale was underway. Hard currency criminality was haphazardly being moved back and forth from one jurisdiction to another. Moreover, it was the most elusive type of criminality to track because it was quietly welcomed by many, and most did not see it as a ‘real’ crime.

The KGB, or at least its civilian and domestic branches, started to lose the final word on many an issue earlier than the Stasi did in East Germany. The practical impossibility of controlling each and every single citizen was a problem for both. A more specifically Soviet issue was the power struggle among the numerous policing institutions. It was a struggle that the KGB lost after Andropov’s last, true to the Dzerzhinsky spirit, stand. The final coda to the gradual process of waning influence was the failed, KGB-organized coup of August 1991. East Germany, with its unequivocal dominance of the Stasi and a blank check for the KoKo, was where the monopoly of power approximated the totalitarian ideal more closely until 1989. The Stasi held nominally independent institutions, such as the Customs and Foreign Trade Administration, on a much shorter leash.

The GDR was not only the most stable regime after 1961, but also the most proactive one. A small group of power-brokers zoomed in on the few strategically critical sectors of the national economy, where they tried to anticipate future trends and planned preemptive measures to confront them. And did exactly the opposite of what they said they were doing. The words some East German officials uttered in public were meant to mislead not to inform, exactly like in George
Orwell’s vision of how the concept and practice of truth could be degraded under a monopolist media order. A look at internal sources allows to get closer to their authentic plans and motives. If East Germany was the positive outlier, according to the classic definitions of totalitarianism à la Hannah Arendt, *1984* or *The Handmaid’s Tale*, Poland was the negative outlier. This conclusion partially confirms the stereotypical image, but also adds new detail, which is analogous to John Connelly’s conclusions in *The Captive University*. Comparative perspective allows for innovative insights that do not necessarily undermine the knowledge made available by separate national historiographies.

The strength of the Stasi was correlated with the relative weakness of opposition in the GDR. The state was crowding out the black marketeers, hence oppositional discourse was more likely to focus around environmental issues, often with a heavy anti-capitalist tinge, a specifically German feature. Some parallels of that *Zusammenhang* began to emerge in the Baltic and other European Soviet Republics, particularly after the Chernobyl disaster. Environmentalism was never a politically significant topic in Poland, where the scale of environmental degradation was no smaller. In Germany, both East and West, capitalism-critical environmentalism was a popular option for a dissident. In East Germany, it was in part because some of KoKo’s own operations,

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such as the garbage importation, were perceived as a particularly egregious mixture of state monopoly on power and capital.

Capitalism remains a dirty word for many in Germany. It has not only been decried by the Churches and the left for centuries, but also by many among the anti-Nazis, who saw the rise of Hitler as facilitated by big business interest. In East Germany, capitalism was not seen usually as a viable alternative by the local dissidents, in part because ‘capitalism’ was something that their own state did, even if most of the mechanics of those operations remained hidden behind the scenes. Art trafficking is an illustrative case in point. It was where the competition between the state and black markets was at its most fierce. Both actors tried to monopolize one of most lucrative sectors of the East-West trade. In the 1980s, it was increasingly drug trafficking that was the most profitable operation of this kind. Characteristically, the officials started to deny that drugs were a problem exactly when narcotics began cropping up in the region in commercial quantities.\footnote{RGAE, Fond 431, Opis 32, Delo 2641, Materiały 23 konferencji nachalnikov tamoženykh upravlenii, August 30, 1982, Bukarest, Romania, l. 125, "W sotsialisticheskikh stranakh, blogadaia pravilnoy sotsialnoi politike, problemy narkomanii ne sushestvuiut. Nesmotria na eto, sotsialisticheskoye gosudarstva vernye svoim gluboko gumnannyym printsiyam vzaimootnoshenii s ostalnymi stranami v vedenii besposhadnoi borby s kontrabandoy narkotikov."}

Apart from a comparative analysis of their strengths and weaknesses, this dissertation’s methodology lets us detect the existence of a transnational learning process between the various communist institutions. Their papers help to trace the evolution of intelligence sharing from 1945 onwards. The Polish SB pioneered the art of sucking the lucre out of Hamburg with the Akcja Żelazo [Operation Iron] in the 1960s. The Soviet colleagues watched, learned and used the knowledge a few decades later.\footnote{Daniel Wincenty, "Patologie w służbie bezpieczeństwa. Szkic projektu badawczego," Prace Instytutu Profilaktyki Społecznej i Resocjalizacji 20 (2012): 127-143.} The starting point was commonly shared, and it remained
unchanged until the early 1970s. Namely, West Germany, especially their intelligence agency BND, was a free-for-all in the art of framing and scapegoating. All the blame could always be offloaded on West Germany, both due to what happened in the first half of the century, and due to the prominent proxy role of the FRG in the Cold War. This low-hanging fruit became more problematic after Ostpolitik reshaped the strategic landscape. The documents surveyed here show that all three intelligence agencies were similarly disoriented and confused by that particular foreign policy turn. The return to another Cold War freeze in the early 1980s certainly helped them to regain the earlier sense of purpose.

Secret services need to be studied systematically and comparatively to understand the historical reality of communist states and societies. The institutional school of analysis, a.k.a. Douglas North with a communist and covert twist, needs to be applied. Institutions, including the secretive ones, did matter a great deal. Furthermore, it was not just regular citizens who saw an opportunity in black market profits. The secret police thought to hold those illicit operations in grip, all under control, a win-win scenario of servicing their own needs while compensating for some of the systemic inefficiencies of centrally planned economies. That approach had been functional up to a point. What could not have been predicted were some of the unintended consequences of allowing a degree of commercial practice under communism. Not everything could be contained within their own circle of the initiated, not everything could be prevented from spilling out to the general public.

When the times began to look like they were about to usher in free markets for all, many intelligence officers and foreign trade apparatchiks realized that, after all, it was they who enjoyed privileged access to foreign capital and markets. In fact, that access was virtually exclusive before 1989, and privileged afterwards. Those cadres were well-positioned to take advantage of the
forthcoming free market reality that some of them could see coming.\textsuperscript{849} This awareness is reflected in the KoKo papers. A serious consideration to a DDR-exist scenario was given no later than 1985. Appropriate arrangements, such as movement of hard currency funds to Switzerland, for instance, had been made ahead of time. Russia’s post-1991 oligarchic elite incorporated the same mechanism into their own business plans a few years later. Higher intelligence officers quickly established the suddenly legal joint-stock consumer-import and energy-export firms. Lower ranks turned into violent entrepreneurs, providing the much-needed protection in a lawless environment with no clear sovereign. Many new-Russian billionaires, including the archetypal figure of Mikhail Khodorkovsky, were Komsomol members in their youth. Very few billionaires are known for their roots in the milieu of dock or mine workers.

The Soviet state still cannot be studied with a similar level of transparency as the East German satellite today. Nonetheless, the Soviet-produced documents surveyed here permit for a related observation. The KGB (and the Polish SB) adopted the language of black market ‘speculators’ extensively. Initially, they had to train their agents to penetrate those milieus for intelligence gathering purposes. With time, in their internal deliberations and private conversations, they began using the jargon and slang specific to those distinctive professions. The documents show that many regular officers were impressed by the sumptuous lifestyle of those they were tasked with repressing. Some officers could certainly be convinced to take a seat at the table. With time, many of them apparently internalized the profit-oriented value system as well. Tellingly, a part of the hard currency was provided by the secret police itself, often for denouncing those socialist citizens who overdosed on ‘private initiative,’ at least according to their

competitors. That currency joined the many other channels of supplying liquidity for black markets.

The ‘primal sin’ that originally depraved the system was the *dodatek dewizowy*, the hard currency supplement received by maritime cadres. They were not the only professional group to receive it. However, the impact of their operations was magnified by their strength in numbers and by the regularity of their contact with the capitalist order. Sailors were among the pioneers of the bottom-up transfer of technology, currency, consumer tastes and values from the West. In Poland, and in most other socialist countries eventually, their special status ended abruptly with the market reforms of 1990. Earlier, some of them were certainly not interested in overthrowing communism, nor in joining *Solidarność*. Most of their trafficking profits were so high precisely thanks to the Iron Curtain and everything it meant in the bipolar world order. To avoid a degradation of their acquired status, they needed to accumulate the necessary capital, financial, political and social, in advance, and then launch a new type of enterprise and quickly rebrand themselves accordingly. The widely accessible business of importing Western technology after 1989 could be done through many other, now fully legal channels. The speed of market reforms was lightning fast, and those who were slow to adapt often ended up on the so-called ‘losing side of the transition.’

A related ‘primal sin’ was the long record of low trust in domestic fiat currencies in the region. In Germany, that phenomenon dated back to the 1923 hyperinflation, but so was the case with respect to Poland in the same period, and to the Soviet Union during the Civil War. The intensity of the black market experience preceding the introduction of the Deutschemark in 1948

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was common for all four zones in Germany. It remained an issue in East Berlin for decades to come. Cigarettes were considered a more reliable means of exchange than fiat currency, a fact of life that remained to some extent true even in the 1980s, as Case Hamster (Chapter VI) demonstrates. The KoKo fed on that reality. The 1950 “bandit currency devaluation” did not make things easier for those few Polish citizens with zloty-denominated savings at the time.\footnote{As expressed by a non-mainstream economist, Tadeusz Kowalik, in 1956. Quoted in: Jacek Kuroń and Jacek Żakowski, \textit{PRL dla początkujących}, 69.} The 1950 reform was one of the many in a series of periodic attempts to rein in the undesirable market forces by administrative means. As a result, precious metals and hard currency were increasingly seen as the only safe long-term storages of value across all social strata.\footnote{See: the concluding paragraphs of the following report: AIPN, Sprawa kryptonim „Zalew”, 0810/4, Wnioski z analizy stanu zagrożenia przestępczością dewizowo-przemytniczą, 29 IX 1971 r., l. 164–165.} A related problem was the soft budget constraint at home and the lack of convertibility abroad. Both had immense domestic and international consequences. There is a general consensus that the lack of convertibility of socialist currencies on the international arena was the number one obstacle for those countries to participate in world trade as equal partners, an inherent weakness of the system that had never been overcome.\footnote{See: Oscar Sanchez-Sibony, \textit{Red globalization: The political economy of the Soviet Cold War from Stalin to Khrushchev} (Cambridge: Cambridge University Press, 2014), Chapter VI: The Limits of Soviet Economic Dysfunction.}

Central economic planning, a concept theoretically deconstructed by the Austrian School in the so-called socialist calculation debate of the 1930s, was bound to be a utopian endeavor.\footnote{Paul Auerbach and Dimitris P. Sotiropoulos, "Revisiting the socialist calculation debate: the role of markets and finance in Hayek’s response to Lange’s challenge," [In:] \textit{Economic Crisis and Political Economy} (London: Palgrave Macmillan, 2014), 212-230.} Janos Kornai has described all the theoretical and practical problems originating from that
ambition in depth. Friedrich Hayek was proven right by history. His observations applied not just to the bureaucratic mechanics of economic planning and execution, but also to other aspects of modelling the citizens’ likely behavior and trying to make sure their preferences were optimally satisfied. The theoretical impossibility of covering so many informational fronts simultaneously became a practical policy problem exactly along the lines predicted by Hayek in the 1940s. By the 1980s, the long-term blindness to market signals, not to mention their active falsification, resulted in what was commonly seen as ‘economics from the moon’ [ekonomia księżycowa] by domestic and foreign observers. Among the three countries surveyed here, the Stasi came nearest to the Panopticon ideal: the all-knowing state of informational Aufklärung, the supercomputer able to calculate, and the economy able to service, everyone’s utility function. Poland fell behind in this respect, in part because the informational penetration of society was much spottier. On the other hand, the archival evidence demonstrates that it was not as low as some apologists of the allegedly nearly universal resistance to communism in Poland would like to imagine.

It is worth reflecting that the original Utopia, as envisaged by Thomas Moore, was set in a distant island. Nothing was more contrary to the spirit of an insulated island than port cities, the Hanseatic kind of hustle and bustle. Historically speaking, central planning was executed the more thoroughly the more closed a society was, with North Korea being the contemporary ideal. Communist Poland never came nowhere near the North Korean ability to keep its subjects in line.

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The Polish regime was always in a quasi-contractual, give-and-take relationship with its citizens. It always had to walk a fine line and often failed to find the right balance.\textsuperscript{858} The citizens' international mobility was one the perennial problems, similar to East Germany, where the permeability of the German-German border always remained an issue. In the Soviet Union, most of the population stayed at home. Those who migrated, usually did so permanently. The immediate reaction of the GDR after seeing the ‘Solidarity disorders’ escalating in September 1980 was to close the border with Poland, which had been open since 1972. As soon as things started to get out of hand, the regimes reverted to the closed society ideal, a situation where the sense of control could be temporarily revived. Insulation from outside influences gave a sense of safety and stability, but it also meant closing some opportunities to the kinds of profits delivered by the KoKo and similar enterprises.

There were always two sides of the systemic inefficiency coin. The problems could be seen by all in the form of shortages, long queues and inferior quality of products, but the very permanence and acuteness of those phenomena was what gave rise to unexpected opportunities. Since the price differentials were so immense between neighboring societies, it did not take a rocket scientist to discover what the fastest way to get (relatively) rich was. While the negative side of centrally planned economies has been studied by many, the opportunities it afforded remain a new field of research. In the final analysis, the opportunities proved to be no less deleterious to the regime’s legitimacy than the shortages themselves. The secret police remained helpless in trying to influence the behavior of the incorrigible foreign-bound sailing crews. Group solidarity in ‘crime’ among Polish seamen was a product of the joint perception of opportunity generated by the

shortage economy. It was precisely in the difficulty of planting a snitch into a cohesive group bound by common interest where the centrally (on paper) planned economy hit the wall of practical impossibility. Furthermore, it was exactly the kind of information collection and processing problem that Hayek predicted. The state was unable, with all the good will in the world, to satisfy consumer preferences, especially because they were falsified by a large part of population. Satisfaction of the utility curve by the state was simply not the preferred option.

The incentives structure was distorted, but a return to a market equilibrium was not at all automatic or predetermined. While studying the communist institutions is important, at least the same amount of attention should be given to the lesser-known black market entrepreneurs. They did not strike, but made business as usual. Alternatively, they made even better business precisely because their fellow citizens went on strike. Without them, no 1989, and certainly not in its re(f)olutionarily liberal-democratic direction, would have been possible. Those entrepreneurs risked as well, even if the end goal was their own gain, not a more just world. They acted without big words, without manifestos, without a higher purpose rationalization, without an ideological imposition of their own value system upon others. They could only express their views in public after 1989, but they usually made their utility function known by action, not by words, thus providing the much-needed market reaction to the Balcerowicz reform package.

Much historiographic, and hagiographic, emphasis has been paid to the sacrifices of the Catholic Church, to the gallant Polish patriots or to the civil society. All of them were important. However, the Church and Polish patriotism have been around for several centuries, and certainly ever since 1945. Logically, something else had to happen to transform Poland into an independent country and a free-market economy after 1989. If the undercurrents of capitalism, admittedly hardly visible, are neglected, the ultimate success of Balcerowicz’s shock therapy cannot be
explained, nor can the divergent trajectories of post-Soviet spaces. If economics 101 on the street level is neglected, the events on the political scene will appear as sheer theatre.

The importance of ‘the holy alliance’ between Ronald Reagan and John Paul II Pope is unquestionable. All the support for the opposition in Poland jointly facilitated by Washington and Vatican was vital. While that success story also happened to be useful for the US electoral consumption, the truth was that the Polish communists decided to involve Solidarity in power because they thought they would benefit from such an arrangement. If they wanted to have a Chinese solution (Tiananmen Square), they would have been able to enforce it. They proved it with the Martial Law of 1981, to give just one example. There were two elements of their strategic thinking in 1989: 1) involving Solidarity in government to blame the opposition for the problems, 2) transforming the capital accumulated by the Uncivil Society for the forthcoming appropriation of the sizeable state-owned economic assets. The Uncivil Society had found a detour around the ideological straightjacket much earlier, with the KoKo precedent dating back to the 1960s. While there were hard ideological limits to how much could be done, the KoKo and its smaller equivalents, both state and privately owned, were an important agent of change in communist societies. Paradoxically, the KoKo part of the strategy succeeded, but east of Germany. Sharing power with the opposition was a much riskier move. The Chinese communist party has not entertained that particular option yet, for a good reason.

The ‘forex-contraband criminality’ was the main source of real income for many who were “too poor to spend their holidays at home.”859 Those who found themselves in that privileged

position of access to cross-border mobility were among the most dynamic ‘movers and shakers’ in the context of real existing socialism. That group included numerous secret police officers, particularly from the counterintelligence and foreign departments. It was a core part of their job to be in touch with the freshest wind of global innovation. Another part of their job was to help suppress the ‘forex-contraband criminality’ of the black marketeers. While the relationship between the two groups was antagonistic in theory and competitive in practice, it did occasionally verge on cooperation. In its early form, this alliance was represented by certain institutions, such as the Maritime and Foreign Trade Ministries of the USSR, that made a lot of hard currency on the side by utilizing the already-existing black market channels, as evidenced by the scandals of the late Brezhnev period.

The cooperation between the two intensified with time. While political opposition was important, it is noteworthy that, while the communists were able to imprison the several thousand opposition leaders simultaneously (in December 1981), they were never able to clamp down effectively on the illicit economic underground. Perhaps the desire to do so was not overwhelming. Two sides of the Uncivil Society coin, the ‘forex-contraband’ traffickers and their scrutineers, had to come together to bring about a major systemic change. While the ‘politicals’ were sitting in jail, there was a much larger group of ‘criminals’ who were free and very busy. Some of them were certainly interested in perpetuating the system. Some wanted to have just economic reforms and left politics to the Moscow-trained veterans. Some wanted to keep politics more or less intact, but to get rid of the ideology. The problem was that the Chinese model was not yet ready to be emulated.

Most of the more pragmatic-minded citizens never turned into oppositionists. They might have come from the so-called social margins, but they serviced some of the most basic human
needs, the satisfaction of which has been made problematic by centuries of civilizational taboos. Melville’s beehive was a very productive kind of enterprise, precisely because it was managed by those who addressed the so-called frailties of the human flesh.\textsuperscript{860} Those ‘vices’ ranged from status-affirming behavior, through the need for aesthetic self-expression or creature comforts, to sexual desires. There was a Freudian aspect to the functional rationale between the extensive underground worlds of port cities. They catered to all kinds of basic human instincts that have been repressed by various ideologies, ranging from Christian ethics to communist austerity. In Poland, the Catholic Church and the regime found themselves in a curious kind of a race to discover new explanations for why certain actions were too frivolous to be worthy of a Christian or a socialist citizen. The Church, whose default legitimacy was much more robust, had the advantage that it could legitimately present itself as the oppressed. It was a position well-known to most Poles, due to the country’s distant and recent colonial past, both as the exploiter and, more frequently in the nineteenth and twentieth centuries, as the exploited.\textsuperscript{861} Nonetheless, godless communism as such seemed like a more dangerous threat to Catholicism than the Marxist critique of capitalism, elements of which have actually been incorporated into the Catholic doctrine by John Paul II. Since then, these elements have evolved into one of the core elements of Pope Francis’ appeal.

Moral opprobrium heaped by Marxism-Leninism was not limited to the socio-cultural sphere. While rhetorical and actual penal sanctions were theoretically and sometimes practically severe, what made the situation worse was that the rules were applied extremely arbitrarily. There were many ‘thaws’ and ‘freezes’ in how the black market was regulated, the so-called “green light

\textsuperscript{860} Bernard Mandeville, \textit{The Fable of the Bees: or, Private Vices, Public Benefits...}, 1714.

\textsuperscript{861} Tomasz Zarycki, "Politics in the periphery: Political cleavages in Poland interpreted in their historical and international context," \textit{Europe-Asia Studies} 52, no. 5 (2000): 851-873.
for the private initiative” could be turned on and off under any pretext, as the regime saw fit.\textsuperscript{862} Incentives for corruption among the rank and file customs officers, the most underfunded and least respected executive organ, were enormous. They were the professional group that was best-informed of just how arbitrary and interest-group based the state’s foreign trade policy was. The inner corruption of the system could be seen very well from within. The more of an insider one was, the more could be seen. Given the obvious practical irrelevance of ideology, seen by all apart from a few die-hard devotees, many nonetheless continued to work for and feed on the state monopoly of violence and foreign trade.

The communist system had economic rights turned upside down. In that world profit was bad, passive submission to the state monopoly of foreign trade was good. The functionaries actually used the term ‘monopoly of foreign trade’ openly to make sure everyone understood the state’s special rights in this respect. Those who were interested in rescuing socialism’s good name called this outcome state-socialism (not ‘real’ socialism), which was not something that they would have been tempted to try if in power. Moreover, it soon turned out that playing on the margins of socialist legality in the foreign trade sector was exactly where the big money could be made. The East German regime was the fastest to spot that, or at least the first to act upon it. It should not be a surprise, because they were also the ones who could actually hope to conquer some of the more technologically advanced export markets. It was hardly thinkable in Poland, where few things apart from cheap coal could be desired by foreign customers in the West.

The incentive to engage in what was illegal at the time was great, but so was the potential punishment. Nonetheless, smuggling of daily essentials such as cosmetics or coffee was seen as

\textsuperscript{862} Agata Knyt, eds., \textit{Prywacierze 1945-89} (Warszawa: Karta, 2004), 55.
acceptable and legitimate by many. Catholic usury laws, the ban on making money out of money, theoretically remained a problem for the hard-currency dealers. However, after the Jewish minority was no longer there, the torch of anti-pecuniary flame, if not practice, was carried on largely by the communists. The usual normative sanction and social ostracism associated with illegal profit-oriented activities did not apply as forcefully as they did to social mores, such as nuclear family values, not to mention violent crimes. Black marketeers were good friends to have, after all. The worst penalty in the Soviet Union, some joked, was not ten years in a gulag, but a year without connections po blatu.

In the final analysis, money-making was marked with a large question mark, and often accompanied with social stigma. But since unofficial trade was one of the few available ways to make ends meet, the signs of moral condemnation and approbation were tangled in a Gordian knot of paradoxes. Obtaining black market profits or goods enhanced the allure of consuming the verboten, for those who were not to be intimidated by the innumerable prescriptions and prohibitions. Socialist sailors and the underground feeding off of their profession provided the goods and services that citizens on the other side of the Iron Curtain could freely access at Hamburg’s Reeperbahn, or at many other red light districts of European port cities.

The long Polish tradition of resistance to foreign rule complicated the moral equation further. If the occupier said something was illegal, it meant it could be exactly the patriotic thing to do. The experience of wartime German occupation, when the credo Polaku Pracuj Powoli [or PPP, ‘a Pole should work slowly,’ especially if forcibly conscripted by the Nazi weapons industry] was turned into a national call for resistance. It was just a more recent case from a tradition of conspiracy and sabotage dating back to the eighteenth century, a national sport of sorts, shaped by historical necessity. The legal picture in East Germany was perhaps less blurry, where the concept
of Rechtsstaat remained less ambiguous and somewhat more functional. The quality of Soviet law enforcement had its own legitimacy problems at the root, but they were not so intricately connected to the tradition of resistance to foreign rule. In Poland, the law as a source of moral authority as such had questionable legitimacy, and the sparse and arbitrary oversight rendered its execution even more problematic.

The Stalinist economy was meant to be self-sufficient, but not necessarily separated from the global economic system. However, from the 1930s onwards, that system generated exports nearly exclusively to obtain the hard currency that was then reploughed into domestic, state-sponsored industrialization.\(^{863}\) It was a closed loop that contained the circulation of foreign elements within the state-controlled sector, especially within its military industrial complex. Even if there was some contact with foreigners and their technology (e.g. Land-Lease or the Fordist industrialization of the 1930s),\(^{864}\) it had to remain in the state-surveyed circuit of deployment.

Under late socialism, citizens began to follow that very same model. They tried to accumulate hard currency by all means, often exporting their only asset, labor, by means of emigration. The big game changer was the switch away from competing with the West on moral or Historical grounds. After Khrushchev, the grand ideological match between The Empire of Justice and The Empire of Liberty was replaced by the race in who gets to stuff more into the fridge. In the USSR, most could stuff a little bit, while many people in the United States did not have a fridge. The communist black marketeers were among the few who could stuff as much as


\(^{864}\) Stefan Link, "From Taylorism to Human Relations: American, German and Soviet Trajectories in the Interwar Years," Business History Conference, St. Louis, Missouri, 2011.
the American lower-middle-class. Initially, black markets and the state-run sector did not overlap because the state focused primarily on the industrial sector and left most of the consumer markets for the black marketeers. That was one reason why black markets were originally seen as potentially conducive to the system’s overall performance, as they serviced those segments of market supply that the state considered too civilian to attend to. But this cohabitation eventually turned into competition for market shares, as socialism became more closely identified with consumerism, in theory and in practice.

9.3. Geopolitics

The foundational error of the Soviet Empire in Central and Eastern Europe was the replication of the original model of crash industrialization in all of the newly-acquired satellites. The well-tried blueprint of the 1930s was copy-pasted everywhere it could be, instead of focusing on profiling local comparative advantages. It was a counterproductive strategy in the long-run, but particularly useless for the few highly developed regions that the Red Army occupied in 1945, such as Bohemia or Silesia. The lack of selective focus on a comparative advantage was rendered more acute when the Soviet satellites started to compete on the global market with a similar export palette. In Pribaltika, there was very little cooperation between the Baltic Republics themselves (and none with Kaliningrad), each one of them was made unidirectionally dependent on Moscow. A look at the land-to-sea logistical network demonstrates this at first glance. It

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should have been obvious that the Baltic Republics could be more of a liability than an asset for Moscow in 1945. The difficulties of enforcing the Ribbentrop-Molotov Pact provided enough evidence. However, their ice-free, deep-water ports were a decisive factor, and so was the intensity of Stalin’s appetite for territorial aggrandizement.

The new postwar map of the south-eastern Baltic Coast meant something else for each one of its ports. Some underwent complete destruction and degradation (Kaliningrad), some faced an unexpected new start (Rostock, Gdańsk), some fell to a second-rate status in the USSR (Klaipeda, Riga, Tallinn) from being the main ports of their nation-states in the interwar period. Gdynia also lost its special interwar status and became one of the three major Polish ports. It was not the first time that great power politics interfered with the Baltic ports’ organic development. A related, simple yet decisive, geopolitical fact of life was that Poland’s only direct border with the West after 1945 was the Baltic Coast. This was not true of the Soviet Union, which shared a land border with Finland. Leningrad’s dual exposure to maritime influences and to the Scandinavian proximity was a unique situation in the USSR. Czechoslovakia, Hungary and many other socialist states shared a land border with the West. Poland was effectively surrounded by brotherly socialist states. Rostock and the GDR found themselves in a similar situation after the border with the FRG became de facto a frontline after 1961. The place where the Red Army stopped in 1945 is sometimes the only answer to some of the most fundamental determinants of post-1945 European history, but the importance of that fact can hardly be overstated.

Stalin did understand the potentially undesirable implications of endowing the Polish satellite with 200 miles of open access to the Baltic. That was one reason why he annexed Königsberg, and why the city became a part of the RSFSR, not of the Lithuanian SSR or of a new autonomous Okrug. However, by removing Gdańsk’s number one historical competitor, by closing
Kaliningrad to the world, Stalin unwittingly helped to revive the city’s early modern status as a monopolist hub servicing the Central European plain. This elimination of Kaliningrad, and by extension – of Elbląg, whose access to the sea through the Vistula Lagoon has remained closed since 1945, could only strengthen Gdańsk. Thy city’s historical trade area along the Vistula-Bug-San river basin, after so many years of partition between Prussian and Russian zones, has been to a large extent recreated under Polish administration after 1945. Stalin’s division of East Prussia into two parts, by means of the only border in Central Europe resembling the perfectly straight state borders in the central United States, was a physical manifestation of the arbitrary imposition of a dictatorial will upon a whole network of historically accumulated ties and dependences. Kaliningrad has been turned into a Russian military outpost in the Baltic, and its economic role suffered accordingly, to Gdańsk’s advantage. The short-sightedness and bluntness of that decision was evocative of the Bolshevik belief in the possibility of reversing Siberian rivers by administrative means and sheer willpower.

1945 saw the greatest extent of the Russian position in the Baltic. However, after Denmark became one of the founding NATO members in 1952, it was clear that no fundamental breakthrough in terms of unrestricted access to the Oceans could be secured through the Baltic. However, by the 1950s, technological progress had finally relegated that old issue to secondary importance, as the Arctic ports could now be used in most seasons, thanks to advances in icebreaking techniques. That being said, it mattered to Moscow to make sure that the entire stretch of the Baltic Coast from Wismar to Vyborg was firmly under control. The Gdańsk Bay was protected not only by the Soviet base in Baltiisk (formerly Pillau), but also by another large, extraterritorial Soviet base on the easternmost tip of the Polish Hel Peninsula. Szczecin was kept in check by another large Soviet base in Świnoujście, several dozen miles north of Szczecin.
Poland’s belonging to the Russian sphere of influence could have hardly been made more visible. Poland was nominally an independent country after World War II, but it is hard to imagine who could have been convinced that was true in practice as well.

Gdańsk’s historic trade area has been largely recreated in the aftermath of World War II. However, in 1945, the Vistula river was not navigable south of the pre-1914 Prussian border. In 1949, the authorities launched a construction project to change that state of affairs, but by 1956, the conclusion had been reached that other forms of transportation were preferable. The main railway artery in Poland was the so-called *Magistrala Węglowa*, the Coal Artery, which linked the Upper Silesia with Gdynia. It was one of the core infrastructural projects completed by the Second Polish Republic. After initial ideological hesitation, the communists decided to make use of it as well. The Odra River, on the other hand, was fully navigable from Moravia to Świnoujście, a legacy of the Prussian corps of engineers. It became the second main artery through which the Silesian coal basin delivered its products to the world.

After 1945, for the first time in history, Poland had full access to the entire Silesian basin, one of the most industrialized areas in Central Europe, as well as to the Baltic. This geography of export patterns resembled Poland at the zenith of its great power status in the early seventeenth century. Raw materials replaced foodstuffs as the number one export product, but the overall design was similar. The strategic significance of the Silesia-Baltic axis became particularly vital after Gierrek’s second industrialization drive of the 1970s, through which the First Secretary hoped to repay the billions of Western loans acquired in the early 1970s. “Even state bodies have their Achilles heels and their hearts, [their] vital parts are first of all capitals and the big arteries of trade,” the Swedish founder of the field of geopolitics, Rudolf Kjellén, wrote during the First
World War.\textsuperscript{867} The \textit{Magistrala Węglowa} and the Odra River were the two main avenues of shipping the hard coal from Silesia and Moravia to the Baltic ports. Those two arteries could get clogged all too easily, which happened exactly when the Baltic shipyards and docks went on strike in 1980.

Gierek’s second wave of industrialization, based on outdated technologies and misguided predictions about terms of trade in raw materials and semi-processed industrial goods such as steel, helped to push Poland’s participation in the international division of labor further down the path of an extractive economy. Combined with the hard currency debt trap, Poland found itself in the situation of the 1980s Argentina and post-2008 Greece, even before the Volcker Shock (1981) could affect the country.\textsuperscript{868} The key lever of influence for the West had thus been established. That is why the regime hesitated to crack down on Solidarity in 1980. It wanted to both eat the cake and have it, to secure both the full monopoly of power and financial support from the West.

To understand the origin of the 1970 and 1980 protest moments in Poland, the legacies of historical networks of resistance to foreign rule, in particular their varying geographical density and intensity, need to be appreciated. In the old, ‘congress Poland,’ the repertoire of resistance had been perfected by several generations. Networks of contention there, in all kinds of forms, were functional for centuries and reached their zenith during World War II. The war led to destruction of much of that fabric, but the surviving pieces were strengthened in the process. As Jerzy Kochanowski’s analysis shows, that process explains why most residents of the ‘old Poland’ were

\textsuperscript{867} Rudolf Kjellén, \textit{Der Staat als Lebensform} (Stockholm: S. Hirzel, 1917), 50.

able to participate in the black market circuit.\(^{869}\) That participation was a part and parcel of the old system of conspiracy, and an essential survival strategy during the war.\(^{870}\) The communist command economy merely added a new layer to the older networks of communal self-help and resource sharing. In the Recovered Lands, those networks had to be established anew. They were more exclusionary from the start. Fewer social groups enjoyed exclusive access to rare (foreign) goods, while a much higher ratio of people was existentially dependent on the state for land, housing, and jobs. In Kraków, the communists had to build the *Nowa Huta* (a copy of Magnitogorsk) from scratch, as a counterweight to those traditional networks.\(^{871}\) In Wrocław, they restored the German Pafawag train factory and organized a new industrial society around it.\(^{872}\) As Joseph Rothschild pointed out, it was easier to win clientele in the Recovered Lads, and easier to divide and rule relying on the inherent antagonisms between distinct groups coming to settle there at the same time.\(^{873}\)

Kochanowski’s geography of the Polish black market shows that in some regions, such as the highland Podhale, virtually everyone participated in the practice of unofficial (and often: non-market) exchange. That society had been developing the adaptive ‘weapons of the weak’ at least since the first Austrian partition of 1772.\(^{874}\) It has maintained traditionally strong links with the numerous diaspora in the US, the costs and benefits of which were shared among broad social

\(^{869}\) Jerzy Kochanowski, *Tylnymi Drzwiami…*, Chapter IV


\(^{871}\) Gregor Thum, *Uprooted: How Breslau became Wroclaw…*

\(^{872}\) Lebow, Katherine, *Unfinished Utopia: Nowa Huta…*

\(^{873}\) Joseph Rothschild and Nancy M. Wingfield, *Return to diversity…*

circles. Closely-knit regional groups such as the Highlanders were among those that the communists did not even try to penetrate. Their task in the Recovered Lands was much easier. The local population was atomized from the start and dependent on the state for livelihood. The earliest survival lesson offered by the ‘redistribution’ of the post-German property was ‘first come, first serve.’ Access to the most lucrative maritime professions, as well as to housing and other material advantages, was distributed according to political criteria. Full-scale nationalization and collectivization had been carried out by 1956. Indigenous ethnic niches, the so-called autochthones such as the Kashubians, were marginalized, and most eventually emigrated. Some of them stayed and survived, however, to became an important catalyst for protest in 1970 and 1980.

Postwar Poland was not an ethnically and culturally homogenous country after the Second World War, and certainly not to the extent to which it is sometimes assumed by scholars. People’s Poland was perhaps not as diverse as the Second Republic, and certainly not as diverse and tolerant as the Polish-Lithuanian Commonwealth of the sixteenth century, but it was merely bureaucratic categories that were homogenizing, but certainly not the people who started their life anew in 1945. The nationalities problem was not ‘solved’ in 1945, it was merely shifted westward. Anti-Germanism was the main societal glue for an otherwise heterodox society in-the-making in the Recovered Lands. It was more atomized on the one hand, and more exclusionary on the other. The two largest ‘native’ groups that had been marginalized were the Silesians and the Mazurzy, alongside the ethnic Ukrainians who were forcibly resettled to the country’s northern fringes by the Vistula Operation of 1947. According to the writer Stefan Chwin, Gdańsk was a city of dual

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875 For one of the best critiques of that long-standing myth, see: Michael Fleming, *Communism, Nationalism and Ethnicity in Poland, 1944-1950* (London: Routledge, 2009), Introduction.
expulsion, from the Kresy homeland, but also from Poland as such, into an alien world.\footnote{Stefan Chwin, \textit{Kartki z dziennika} (Toruń: Tytuł: 2004), 164.} It was true for many social groups who found themselves there after 1945. The Recovered Lands were a model socialist society only in so far as they represented the crème of what would be later decried as ‘excesses of Stalinism’: deportation, expropriation, dekulakization, collectivization, and other mass social-engineering operations.

The former Prussian partition plus the Ziemie Odzyskane made up 51 percent of Poland’s territory in 1945. Much of the local prewar industrial capacity had been destroyed, but a lot of infrastructure remained. Poland’s postwar westward shift was also a kind of unexpected second industrialization for the country. According to Viacheslav Molotov, the GNP of the Kresy before the war was about 3.6 billion USD, while this figure equaled nearly 10 billion USD in the Recovered Lands, with their approximately two times smaller territory and comparable population.\footnote{Andrzej Jezierski, \textit{Historia Gospodarcza Polski Ludowej 1944-1985} (Warszawa: PWN, 1989), 90.} Molotov was trying to make a political point, and more precise calculations are difficult due to the scale of wartime and postwar dislocation, but the difference in the levels of civilizational development was unmistakable. In 1945, the total horsepower of Poland’s industrial equipment was 9.7 percent higher than in 1936 despite the fact that one-fourth of Poland’s territory and one-fifth of its population were gone, despite war damage and despite Soviet ‘reparations’, i.e. dismantling and removal of industrial assets.\footnote{Ibid., 14.} The annexation of the heavily damaged Recovered Territories alone was enough to more than compensate for all the wartime loses, at least on paper.
The Recovered Lands were supposed to be the poster child, the *schaufenster* of socialism just like East Germany, due to their theoretically unlimited space for social engineering. Their ‘brave new future’ was supposed to be bright. ‘Ethnically cleansing’ and taking over the core areas of Prussian militarism, ‘Junker relics of feudalism’ and ‘Nazi electoral bastions’ were perhaps the only unifying goals for the Polish nation in 1945. Many of the bureaucrats and planners who got involved in the grand patriotic project of making the Recovered Lands a part of Poland ‘again’ believed that this area provided the perfect experimental arena for socialism to showcase its transformative potential. They wanted to present the world with what scientific planning and centralized execution could achieve when no obstructive relics of feudal and bourgeois past were in place to hinder their progress.

In reality, everything had to be organized from scratch, with very few administrative resources available. The Recovered Lands were initially not a role model, but a ‘Wild West’\(^{879}\) where Hobbesian conditions of anarchy and war of all against all prevailed until the 1950s. It was the epicenter of ‘Europe on the Move’\(^{880}\) and ‘the Savage Continent’.\(^{881}\) Nowhere was the discrepancy between what was theoretically possible, what the planners wanted to achieve and what could be achieved given the limited time and resources, greater. The postwar epidemic of *szabrownictwo* [looting of abandoned German property] demonstrated the narrow limits to the administrative capacity of the Polish state. Despite the centralized trappings and totalitarian aspirations, the regime’s coverage on the ground was extremely spotty. The few resources had to

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be deployed to suppress the so-called Żołnierze Wyklęci, the cursed soldiers, the die-hard remnants of wartime underground resistance loyal to the London Government-in-Exile, to mention just one from the long list of enemies of the people. Those who wanted to better their own material situation by more or less legal means, including those who brought some consumer trinkets back from abroad, were left in peace, especially if their wares were shared with the ruling class. ‘Whoever is not against us, is with us,’ was the regime’s working definition. As long as a black marketeer remained modest in his aspirations and did not deal in the ideologically questionable goods, he could hope to continue his activity. One could not get away with saying something politically incorrect, for instance, a word about the Red Army staying on the other side of the Vistula river while the SS units quelled the Warsaw Uprising in the summer of 1944.

Given the chaos and arbitrariness of daily administration in the Recovered Lands, it is more accurate to talk about ‘campaign’ rather than of ‘centrally planned’ economies, especially in the Stalinist period. The political economist Andrew Janos demonstrated the usefulness of the military lens in deconstructing the mechanics of the Stalinist economy in his book *East Central Europe in the modern world*. Oskar Lange, reportedly Stalin’s favorite economist as of 1945, later referred to it as “militarized economy sui generis,” during the brief thaw of 1956. “In the USSR in Stalin’s time, even the everyday language was military: ‘campaigns’, ‘fronts’, ‘bridgeheads’, ‘advance-guards’ and of course there were also heroes, traitors and spies,” Alec Nove wrote. As

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885 Ibid., 95.
it soon became apparent, the port of Szczecin worked in peace and quiet as long as the Soviet naval base remained operational right next to it. As soon as the military paradigm and discipline was partially lifted, social ferment began.

The ‘heroic years’ of ‘Europe on the Move’ and Stalinization were over by 1956. However, as a Polish economist remarked in a conversation with John Kenneth Galbraith during the economist’s 1956 journey to Poland, Stalinism was at the time “the terrible past which may well lie before us.”886 For political reasons, Polish historiography still largely follows the party line which held that the Recovered Lands had been fully integrated with the rest of the country by 1956 and that studying them as a ‘separate’ region is illegitimate.887 German historiography focuses predominantly on the Vertreibung experience, politics of memory or the pre-1945 years. It tends to shun critical analysis of Polish postwar history altogether, similarly for ‘delicate’ political reasons, dismissing the more sober reports from the Recovered Lands as ‘revanchist.’888 Stalinism might have been over in the Recovered Lands in 1956, but many of those who went through it remained. They made their voices heard in 1970 and then, even more forcefully, in 1980.

The Silesian capital Wrocław was a Regained City par excellence. It remained the centerpiece of the anti-Jagiellonian, communist state-building metanarrative. Compared with Wrocław’s centrality, Gdańsk was on the sidelines. Tricity was were all the paradoxes and tensions of the Recovered Lands mixed with those of the ‘old Poland.’ Gdynia was the poster child of the

888 For an overview of the German historiography on the topic, see: Andrew Demshuk. The lost German East..., Introduction and Chapter VII.
Second Polish Republic, Sopot was one of the most bourgeois-looking places in the country. Szczecin’s case was a bit more straightforward. It was a tabula rasa, only nominally a ‘Recovered City,’ with the remnants of the local prewar society completely eradicated by the early 1950s. By 1970, most of the resistance to the new order was focused around old centers of Polish culture. The wartime resistance networks had much stronger trump cards to play there. In Gdańsk and Szczecin, social divisions had been carried over from the old regional mosaic and were enticed anew in light of the divide and rule principle, which seemed to be functioning just fine initially.

Before World War II, Poland had always been, for all practical purposes, a landlocked country. The Danish Straits were just a tip of the iceberg of obstacles. Poland’s foreign trade administration, headquartered in Gdańsk, was serviced by foreigners, mostly by German and Dutch merchants. Its internal trade was usually handled by the Jewish community. The Duchy of Courland and Semigallia, under the Baltic German Duke Jakob Kettler, was the only subject of the Polish-Lithuanian Commonwealth to ever establish an overseas colony. Wilno and Lwów, two major centers of Polish aristocracy and intelligentsia, had always been tuned to landed interest. Eastwards expansion was the idée fixe of the Polish nobility. It was a part of the Jagiellonian conception, which enjoyed its golden century after the vast areas of today’s Ukraine were transferred from the Grand Duchy of Lithuania to the Polish Crown by the Union of Lublin in 1569. The early modern nobility had little heart for the northern Baltic fringes, where one had to compete with the established, technologically advanced powers, such as Sweden and Denmark.

The communists promoted the medieval Piast conception as a counterweight to the old legacy and due to sheer political necessity. There is hardly a better illustration of the difficult

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889 Jan Musekamp, Zwischen Stettin und Szczecin: Metamorphosen einer Stadt...
passage the old Polish nobility had to cross to face the modern world than the life trajectory of the Polish-British writer Joseph Conrad. His protracted and painful transition from an impoverished feudal estate in the Kresy to the heart of the British colonial, maritime Empire generated enough psychological tension to provide for some of the greatest literature of the Victorian Era. Those historic legacies remained an issue in People’s Poland. The cultural capital of the country, Kraków, viewed the “parvenue nouveau riche” from Gdańsk with typically aristocratic contempt, their Hanseatic cultural life was considered as a non-entity by Warsaw’s intelligentsia. Some fundamental incompatibility between the ‘impenetrable Slavic soul,’ with all of its cultural complexities, with ‘Anglo-Saxon mercantilism,’ must have been the cause.\(^{890}\) There was something ‘un-Polish’ about maritime professions as well. They were simply not an integral part of the national canon, with all the practical consequences of that cultural reality playing themselves out after 1945.

Gdańsk always held a special place in Polish history, beginning with the temporarily lost struggle with the Teutonic Knights in 1308 to the founding of Solidarity in 1980. However, its extraordinary status was always mixed with a doubt about the city’s true loyalty. Even at the zenith of the Commonwealth’s power, Gdańsk did not pay taxes to the Polish crown. King Stefan Batory tried to incorporate the city into the fiscal body politic of the Polish state, but failed. Gdańsk had always been a bit foreign. It looked like Amsterdam, sounded like Lübeck, prayed to reformed or protestant gods. Naturally, its residents developed a distinct identity that revolved around opposition to mainland Poland to a large extent. The magnates in charge of the vast feudal estates

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\(^{890}\) Peter Oliver Loew, *Danzig: Biographie einer Stadt*, 244-245.
did not think much about the foreign middlemen in Gdańsk, as long as they were paid for the grain produced by the Ukrainian black earth handsomely and on time.

Despite being a sea of emptied ruins in 1945, and despite the imposition of an economic system that could not have been more hostile to the free-trading status that Gdańsk had so often enjoyed in the past, the city had managed to recreate some of its fabled wealth and autonomy by the 1970s. By 1970, it was not only the Germans who were gone from Gdańsk and from Poland. Not many Jews were to be found either. Postwar Poland offered a quite tangible sensation of the “presence of Absence,” as coined by the historian Jerzy Tomaszewski in a conversation with Marci Shore.891 With virtually all of Polish Jews gone after 1945 and 1968, and the Germans no longer so clearly the public enemy number one after 1970, a sudden vacuum for otherness emerged in Poland. As Chapter III shows, the communist authorities did try to channel the workers’ discontent against ‘the parasites and privateers,’ who could also pass for ‘rootless cosmopolitans’ if they had been at sea for long enough. The sailors and maritime cadres of Tricity started to turn into ‘the new Jews,’ so to speak, in the 1970s, in the eyes of some. After all, “in all of economic history, the foreigner appears as the merchant, and the merchant as foreigner,” as Georg Simmel famously remarked in 1908.892 In East Germany, it was the Gypsy, the Jew, the Pole, the Yugoslav, the Vietnamese.893 In the Soviet Union, this catalogue was extended to include Georgians, Armenians, Central Asian and other non-Russian nationalities. They were not only stigmatized by the regime, but also ostracized by those who did internalize the official message, or by those who were


excluded from the black markets and had to wait in lines to access the impoverished (but intermediary-free!) state-run supply.


The Soviet Bloc incorporated the less-developed part of Germany, a disadvantage from the start in comparison with the three Western zones. But that early disadvantage was not what began causing trouble in the 1970s. It was increasingly the communist ideology itself that added to the deadweight burden generated by the nineteenth century ways of seeing the world. In the end, the limiting impact of ideology turned out more decisive than the uneven starting conditions. The ideological straitjacket was singularly unsuited to accommodate the shock of the global 1970s. It was a limitation imposed by the legacy of the Bolshevik Revolution, but there was no objective reason why it could not have been quietly and gradually downplayed, if the Politburo thought it desirable. It was the East German regime, in an organized way, and Poles, more organically, who started to disarm it. When the Russians ultimately disarmed it in 1991, they did it on a truly grand scale. Capitalism in Russia in the 1990s was ‘wilder’ also because there was no capitalism to speak of since NEP, and its organic sprouts kept on being trimmed for longer in the 1980s.

If one looks at the map of the Polish Protest in 1970 and 1980, especially at how the wave of strikes spread out from the Tricity and Szczecin cradles to the southern Recovered Lands, and only then to central Poland, it is remarkable how the contours of the Recovered Lands overlap with the initial outburst of Solidarity. While there were many determinants behind the peculiarity of that pattern, the prime cause was Stalin’s decision to expel several million people from their homelands to the Recovered Lands. Some were deported to Siberia or shot in Katyn in 1940, after
the Kresy were annexed by the USSR for the first time in 1939. Those who did not perish in the mass executions of 1940 and did not freeze to death in Siberia, were eventually ‘repatriated,’ together with their several million countrymen, in 1945 and afterwards. It so happened that their final destination would become a strategically important node of the Soviet Empire in Central Europe. Stalin apparently has not read Machiavelli carefully enough. The Italian master was clear that if a ruler wanted to do away with his enemies, the process should be seen to its conclusion. Stalin did apply this lesson to numerous ‘enemies of the people’ earlier, but this time, he showed some of them mercy. Not only did he leave enough of breathing space for the repatriated Poles to recover, he actually moved them to a setting where their collective bargaining power eventually outgrew the earlier, prewar potential. In Stalin’s defense, he could not have predicted how sharp of a turn the Kremlin inheritors of his masterplan would take in the future. To give just one example, he could not have predicted that Moscow would be willing to welcome the West German Ostpolitik on the terms offered by Egon Bahr and his colleagues.

It was Woodrow Wilson and his Fourteen Points that actually inaugurated the debate about Poland’s “free and secure access to the sea.” The Wilsonian self-determination principle was among the formative inspirations for Stalin’s understanding of the nationalities problem. That idealistic vision was distorted by Stalin to the extreme, and its application social-engineered the hard way. Some Polish followers of the father of Polish nationalism Roman Dmowski, even if they never admitted it in public, were satisfied by Stalin’s ethnic cleansing of Poland, just as some of the extremists were among the willing executioners of Hitler’s ‘final solution’ a few years earlier.894 The hand of fate, and quite literally the hand of Stalin at the drawing table covered with

894 Michael Fleming, *Communism, Nationalism and Ethnicity…*, 73.
maps, threw the remnants of the early modern Polish colonizing class back several hundred miles west. The farmlands in the sunny plains of Ukraine were certainly a more livable place than the apocalyptic ruins of post-German cities swept by the chilling Baltic wind. But it was not the climate than sowed the seeds of discontent. Those people had very direct experience of what Stalinism meant in practice after the Molotov-Ribbentrop Pact was implemented. They were not to be easily tricked into subscribing to the communist project, as some of the leftist intellectuals from Warsaw or Kraków were for a decade of two after the war. 895

The organic, bottom-up nature of the 1980 social movement meant that Solidarność was not really a trade union, but an umbrella movement for everyone unwilling to cooperate with the regime. It included both Catholics and reformed socialists, nationalists and peaceniks, penniless dockworkers and undercover SB agents posing as such. The original workers’ movement was quickly kidnapped by the Church, in alliance with the nationalist circles. The romantic Polish tradition of resistance for its own sake led to a replacement of strategy by martyrology, and blinded the opposition’s leaders to the forthcoming Martial Law, which had been long in preparation. The communist system in 1980 was hit at its strategic nodes by the striking shipyards partially by accident. Instead of continuing to push where it hurt the regime the most, Solidarity’s leadership embarked upon a path of increasing polarization, on a confrontationist stance on purely political or moral grounds. The key to dismantling the Soviet system was to keep undermining it with its own devices, to “establish your own committees, not to burn them,” 896 and to create an alternative working class narrative. The failure to do so helps to explain why it was the Anglo-Saxon version

895 Marci Shore, Caviar and ashes: a Warsaw generation's life...

896 Coined by Jacek Kuroń.
of capitalism that supplanted communism in Poland, not its continental social democratic variety.\textsuperscript{897}

In the Soviet Union, 1980 was also an important inflection point. The Moscow Olympics could not have been celebrated the way the authorities anticipated. The PR rewards could not be harvested fully due to the US-led boycott. But the process of systemic decomposition was more protracted and gradual than in Poland. Since this dissertation studies longue durée processes rather than discrete events, it does not disqualify the key insights provided by the comparative framework, to the contrary. The massive preference falsification, caused by the much greater fear factor in the Soviet Union than in Poland, was among the deep-seated reasons explaining why mass resistance reached the surface of public life much later in the USSR.

Moreover, the crisis of 1980 put an end to building an integrated Comecon co-prosperity sphere. Borders were back in place, volumes of trade and traffic declined. The authorities lost control over too many flows, in too many directions. A panic mode of reinstituting all kinds of mobility restrictions ensued. A Comecon Hanseatic League, if ever considered, had no chances of realization after 1980. The satellites competed with each other due to their similar export profiles, particularly in the weapons sector. After the Czechoslovak intervention of 1968 and the lack of consensus on what to do with Poland after 1980, the mutual animosities reached an all-time high. The division between the hard-liners (East Germany, Romania) and the reformists (Hungary, Poland) ossified, even if ideological nuances might have been merely an excuse to reignite some of the ancient antagonisms and alliances. The introduction of Martial Law “was a battle won for

Moscow, but a lost war in the long run.\textsuperscript{898} It was a Pyrrhic victory and a colossal PR defeat with international reverberations. If there was no support from the Soviet Union, the Polish regime would have collapsed much earlier. This basic truth became clear for most foreign observers and policy makers after 1981.

Competition was on the rise between state actors, but also between institutions, firms and individuals. The stakes were third world weapons deliveries and hard currency loans, but also market shares in the slowly emerging consumer society at home. The decision not to rely on comparative advantage made it worse for the satellites when they began competing on the global market. The forced cooperation in the Comecon disintegrated when faced with the magnetic attraction of the Western world. Each satellite wanted to secure the best terms of trade or credit for itself, and the West was able to play one against the other. The best illustration of diverging interests was the moment in the mid-1980s when the KoKo was simultaneously dumping slightly-modified Soviet weapons to the Middle East and establishing the Mukran-Klaipeda ferry link to free some of its own shipping capacity from servicing the Soviet Army. The façade of cooperation could not be maintained indefinitely. In Moscow, some among the power brokers became convinced that the USSR could fare better without the imperial buffer zone, in Eastern Europe and elsewhere, by diverting resources back to internal development.

The internationalist promise of the 1920s-style Comintern had evaporated. By the 1960s, nationalism was on the rise everywhere in the communist world, but especially among the Eastern European satellites. Romania was perhaps the most extreme case in point. In Poland, nationalism had been hard-wired due to the German context. Port cities were cosmopolitan by definition and

in practice. The original spirit of the *Battleship Potemkin*, the liberté, égalité and fraternité of the peoples, was gone for good. Even in the most ideologically correct East Germany, the country’s flagship oceanic cruiser was rechristened from MS *Völkerfreundschaft* to MS *Arkona*. ‘Freedom of the seas’ was more than just a romantic motto. For those who dreamed of emigration, or at least a temporary excursion away from the socialist paradise, it was often the only available gateway.

Port cities were where the contradiction between what the regime said and did was at its starkest. But not only the regime. When the East German sailors left for the port of Warnemünde, the first thing they dreamed of was that their ship would turn left, not right.899 Poles did not allow the East Germans to use Szczecin for transit purposes. As a revanche, the Klaipeda-Mukran sealink bypassed Poland, a strategy to be picked by the Russian oil and gas industry in the 1990s. Szczecin and Rostock fiercely competed with each other to transship the Czechoslovak exports. Another reason why the Cold War Baltic is an interesting field to study is because it was where real interests, national, corporate or individual, entered into real competition with each other. There was no soft budget constraint in the world of international trade, verification was virtually instantaneous. Free market principles could never be fully eradicated from the Comecon, especially when it came to competing for the scarce *Valuta* – a foreign term recognizable in all Soviet Bloc countries.

The dream of Polish independence, of taking back control after a few centuries of foreign rule within landlocked confines, has finally been achieved in 1989. It would have been impossible without what happened in Gdańsk and other Baltic cities in 1970 and in 1980. However, the fact that national independence is overrated in a globalized age seems to be of no importance to the

899 Peter Treu, *Weltreisender für die Handelsflotte*...,14.
electorates around the world today. Especially for a country of Poland’s size, overemphasis on independence might not be a prudent idea. Contemporary independence of a nation-state often boils down to the percentage share of world trade. The communist experience is one of the most relevant and recent lessons highlighting the importance of this basic truth of the modern world. As soon as the communist countries leaped out of the shelter of advantages of backwardness provided by the Comecon, they found themselves in deep waters. In the geographic sense, the most immediate competitors for Poland or East Germany were West Germany and Scandinavia. Obviously, that did not help in what was an ill-designed effort from the start.

Why did Moscow think that it could handle the superpower confrontation directly on the global market instead of hiding behind walls and ballistic missiles? 1968 was a moment of high certainty for Moscow. Czechoslovakia had just been ‘normalized,’ Vietnam was getting worse for the US, and so was the allegedly widening missile gap. In Poland, many workers did authentically support the regime in its anti-intellectual, anti-Semitic witch-hunt. It was also a moment of high certainty in terms of dealing with black market ‘speculators,’ as demonstrated by the success of the Brilliantovaya Ruka. Throughout Russian history, it was usually lost wars (as in 1856) that forced internal modernization. In this case, modernization was embraced on a wave of confidence. The disunited West could be outsmarted, its cheap money borrowed with 1917-like impunity and petrodollars reploughed in the Soviet military-industrial complex indefinitely, was the strategic thinking in Moscow. The shock of the global was also a shock for the West, “neither capitalism nor socialism could remain immune to such major pressures,” but its reaction was smarter and more flexible, as Charles Maier pointed out. “For all the difficulties inherent in a centrally planned economy, the communist collapse came about as a reaction to forces for transformation that gripped West and East alike, but which Western Europeans (and North Americans) had responded
to earlier and with less cataclysmic and upheaval. In their divergent responses to the seismic pressures of the 1970s lay the subsequent history of the 1980s.”

900 Charles Maier, *Dissolution*, 91.
10. Epilogue

The Soviet leadership believed that competition with the West on the global market was possible without abandoning the communist ideology. They were mistaken. The significance of that fundamental incompatibility was reflected in the geopolitical picture as well. Annexing the Hanseatic realm was a risky gamble. The strategic value of Kaliningrad remains a big question mark. The Oblast has effectively been a sinkhole for resources, useful for nothing else apart from military purposes, that is apart from periodically scaring Poland and Lithuania back into line, in the communist period and beyond. In all other terms, Kaliningrad has become a liability. The wretched conditions of life there in the 1990s were visible to all after the city finally dared to open its doors to foreigners. The creation of the ‘special economic zone’ in the early 1990s aimed to transform the militarized Oblast into a ‘Hong Kong on the Baltic.’\footnote{Unnamed Author, “Kaliningrad – Hong Kong an der Ostsee?” SGS, November 10, 2006, accessed May 5, 2017, http://www.sgs.com/en/news/2006/11/kaliningrad-hong-kong-an-der-ostsee} Ambitious as that attempt might have been, the remnants of the old geopolitical thinking, on top of the vested interests of the military-naval-industrial complex, turned out to be too strong to be swept away so quickly. The same applies to Moscow’s other maritime imperial periphery, the one hugging the Black Sea Coast, where the Russian imperial project struggles for a new lease of life as these words are written.

Afghanistan was in the center of Eurasia, but it was not because of Afghanistan that the USSR collapsed, in the same way that Vietnam was more of a syndrome and reflection of domestic political strife in the US. But the adventure was absorbing enough to move the attention away from...
the real trouble spots, i.e. the zones of intensifying and organic contact with the West. Attaching so much of the historical Hanseatic realm to the Soviet Union turned out to be more than could be swallowed. To make it worse, the more the Kremlin made itself dependent on energy exports, the more the role of ports such as Ventspils or Klaipeda increased. While a North Korea could be made out of Kaliningrad, it could not have been done with all of the Baltic Coast. The Soviet leadership had the chance, but was not able or willing, to harness the underground dynamics of capitalism, particularly dynamic in port cities, to serve their imperial project. Deng Xiaoping was indeed wise to study that lesson carefully. His conclusion was that strengthening the state by means of benefiting from the energies of capitalism was more important than pretending that the communist ideology was still something believable.

The Soviet leadership wanted to have the cake and eat it. Moscow wanted both territory and ideology, both control at home and global foreign policy adventures. This greed was the root cause of the end of the Soviet Empire and of the communist experiment. The attention with which the dispatch of Russian one and only aircraft carrier, *Admiral Kuznetsov*, to the Eastern Mediterranean, was followed by the state media in 2016 demonstrates that that ‘regional power’ is still waxing nostalgic about the superpower status it has lost. This new show of long-range firepower projection, including the launch of ballistic missiles from the warships stationed in the Caspian Sea in October 2015, demonstrates that the Kremlin is still no less obsessed with making Russia appear as a maritime power than it was when Peter the Great was at the helm.

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