Introduction: Unofficial Trade and Business Practices in the Baltic Sea Region in the Twentieth Century

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This thematic focus of three articles surveys the Baltic Sea Region from diverse geographic and temporal vantage points. It examines the different forms of unofficial trade and business practices throughout the twentieth century. The history of the Baltic Sea Region in this era was for most of the time characterized by political disintegration and demarcation processes, which caused a decline of official trade and commercial exchange, but, at the same time, facilitated growth of grey economies and black markets. This process was most evident during the Cold War era when political, economic and infrastructural barriers blocked the emergence of a common market linking the Baltic coasts and their ports with each other. However, also in the 1920s and 1930s, when such a market in the Baltic Sea Region existed for a short time, contraband and unofficial trade still took place on a large scale.

In recent years, historical scholarship has put increasing emphasis on exchanges across the so-called Iron Curtain.[1] Interactions and transfers, not only of goods, but also of ideas and technology, in the Baltic Sea Region have received some scholarly attention, but mostly insofar as their open and legal forms are concerned.[2] Unofficial and at times illegal economic interaction underneath the radar of official bilateral relations has only recently become part of academic historical research.[3] In part this is the case because it is difficult to locate sources documenting and reflecting the scale of unofficial trade and

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1 Simo Mikkonen, Pia Koivunen (eds.): Beyond the Divide: Entangled Histories of Cold War Europe, New York 2015; Mark Keck-Szajbel: The Politics of Travel and the Creation of a European Society, in: Global Society 24 (2010), 1, pp. 31-50; Sari Autio-Sarasmo, Katalin Miklóssy (eds.): Reassessing Cold War Europe, London 2011.

2 Gertrude Enderle-Burcel, Piotr Franaszek et al. (eds.): Gaps in the Iron Curtain: Economic Relations between Neutral and Socialist Countries in Cold War Europe, Kraków 2009; Poul Villaume, Ann-Marie Ekengren et al. (eds.): Northern Europe in the Cold War, 1965-1990: East-West Interaction of Trade, Culture and Society, Helsinki 2016.

3 Alena Ledeneva: Russia's Economy of Favours: Blat, Networking, and Informal Exchanges, Cambridge 1998.

business links. As a result, studies on these subjects have to rely to a great extent on other sources such as the press, memoirs and interviews.

Despite these difficulties, scholars have begun to explore this field of historical inquiry.[4] The papers presented here add to this growing body of scholarship dealing with contraband and unofficial contacts between communist countries but also contribute to our knowledge of transfers and exchange across the Iron Curtain. Unlike existing studies, however, which focus mainly on the continental areas of Europe, this collection analyzes the largely neglected maritime linkages such as the ones established by means of ferry connections, commercial vessels and private yachts between Baltic ports. For the Baltic Sea Region, Klaus Zernack portrays the entire period between 1945 and 1989 as a frozen conflict with few interactions available along the lines of the medieval and early-modern Hanseatic blueprint.[5] At the same time, 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.[6] He emphasizes the role of maritime interactions as a force that brought people closer together, rather than further apart. Zernack idealizes the Hanseatic era, however, and neglects the Cold War as a period when the integrative potential was severely limited. To his defense, he could not have been aware that the Cold War also brought people and places closer together, admittedly in unexpected ways. One of the goals of this article collection 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.

At the same time, the thematic focus provides a necessary context for the Cold War perspective. Largely underestimated are the restrictions put in place already during the interwar era, particularly with respect to alcohol, which was banned in several Scandinavian countries. Chronologically, the articles cover the period from the end of the First World War to the early 1990s. At the end of the First World War, the Southern Baltic saw great changes in the political landscape, multiple new states (re-)emerged and new borders were drawn. On the one hand, this caused multiple geopolitical tensions. On the other hand, political developments in the interwar era also triggered new

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4 WŁODZIMIERZ BORODZIEJ, JERZY KOCHANOWSKI et al. (eds.): Schleichwege: Inoffizielle Begegnungen sozialistischer Staatsbürger zwischen 1956 und 1989, Köln 2010; JERZY KOCHANOWSKI: "Jesteśmy za biedni, aby urlop spędzać w kraju": Masowa turystyka i nielegalny handel w latach sześćdziesiątych XX wieku: Perspektywa polska ["We Are Too Poor to Spend Our Vacation in the Country": Mass Tourism and Illegal Trade in the 1960s], in: Roczniki Dziejów Społecznych i Gospodarczych 68 (2008), pp. 125-150.

5 KLAUS ZERNACK: Nordosteuropa: Skizzen und Beiträge zu einer Geschichte der Ostseeländer, Lüneburg 1993.

6 For an overview of Zernack's scholarship, see STEFAN TROEBST: Klaus Zernack als Nordosteuropahistoriker, in: Zeitschrift für Ostmitteleuropa-Forschung 50 (2001), pp. 572-586.

forms and directions of exchange and collaboration between state and non-state actors. The comparative study of interwar and Cold War relations in the Baltic Sea Region, which the papers offer in combination, reveals continuities of smuggling practices in Baltic ports. Furthermore, all three papers analyze opportunities and limitations of maritime border control, which characterized government policies throughout the ages. These long-term perspectives question the exceptionality of the Cold War in the history of the region.

The interdependency of conflict and cooperation, of flows and controls will be presented in Adrian Mitter's paper on transnational liquor contraband in the interwar Baltic Sea Region. The practice of alcohol smuggling is commonly associated with the era of Prohibition in the United States. Outside of Northern Europe, few people realize that Finland became a dry country even prior to the United States or that Sweden implemented a restrictive liquor sale system that excluded large parts of the adult population from its legal purchase. These two and other countries in the region became destinations for liquor contraband from the Southern Baltic. Transnational syndicates supplied Scandinavia via sea with cheap alcohol from Central Europe, primarily through the port of the Free City of Danzig. Countermeasures were initiated by the Nordic countries through international treaties, which were designed to prevent alcohol exports. These agreements mainly had the opposite effect and triggered a further professionalization of the contraband practice, which took place on larger ships and was gradually trans-nationalized through the emergence of syndicates and the use of so-called flags of convenience. After the end of the Scandinavian prohibition, the incidence of contraband decreased, but it still remained an occurrence of considerable scale until the outbreak of the Second World War.

Similarly, Tomasz Blusiewicz's paper covering developments after the Second World War shows that countermeasures that banned unofficial contacts and illegal trade largely remained unsuccessful and often had the opposite effect. Throughout the entire Cold War period, Soviet port cities enjoyed a special position in the USSR due to the strength of their connection with a globalizing economy. This was particularly true of Baltic cities, which were not only in close proximity to the West but also hosted a population that, due to its ethnic composition, upheld some of the prewar ties to capitalist states. Moscow had regarded the Baltic republics as politically unreliable ever since their incorporation into the Soviet Union. This conviction was reflected in the relatively large numbers of security troops and institutions stationed there, such as the All-Union Customs Academy, a training center for future customs officials in Riga. Basing the main customs academy in the Baltics can be interpreted as a deliberate move that indicated Moscow's distrust of the local supervisory organs as well as of the economic activities of the Baltic-based seafaring crews, who in fact did engage in illegal activities such as smuggling. Using KGB and Main Customs Administration records, this paper explores the vibrant and cosmopolitan commerce of Baltic port cities. Blusiewicz suggests that the East-West connections established and maintained by

the seafaring professions paved the way for some of the socioeconomic processes inside the USSR that eventually led to perestroika and major policy shifts in the country.

Lars Fredrik Stöcker's paper on the role of Swedish business and commerce in the Baltic economies during perestroika picks up on the topic of the exposed position of the Soviet Baltic coastlines as a unique contact zone between the USSR and the West. Underneath the official level of Swedish-Soviet diplomatic relations, a whole new infrastructure of informal economic cooperation developed, connecting non- and semi-governmental actors and organizations in Sweden with republican authorities and institutions in the Soviet Baltic republics. The dynamic networking processes that accompanied and accelerated the gradual decline of the Soviet Union constitute a peculiar form of asymmetric economic relations in the late Cold War era, which have received as little scholarly attention as transnational smuggling networks, not least due to a similar scarcity of sources. However, as Stöcker shows, the investigation into these processes is vital to our understanding of the transformation history in the Baltic Sea Region and beyond. Grassroots-level cooperation between Swedish investors and business experts on the one hand and Baltic state bureaucrats and economists on the other not only secured Sweden's dominant economic position in the nascent Baltic markets for decades to come, but also facilitated the early transfer of market economy thinking and practices across the Baltic Sea. Under the smokescreen of Swedish support for perestroika (and for Moscow's official line in general), the informal cooperation patterns thus kicked off a long-term rearrangement of economic linkages across the Baltic Sea, which paved the way for the processes of regional integration in trade and business from 1991 onwards.

Although concerned with transnational flows, the authors do not neglect local perspectives. As Lasse Heerten has recently argued within the macro study of flows and transnational entanglements, the local dimension of port city histories and their development has been under-researched.[7] In this sense, the three contributions do not focus exclusively on larger frameworks of transnational exchanges in the twentieth-century Baltic. Instead, they uncover the significance that local networks and arrangements played for larger exchanges, an important aspect of unofficial exchange, which is equally underexplored in macro-perspectives.

Interestingly, all three papers highlight the underestimated role of individual actors, who acted as transnational mediators and bridge-builders. They served as mediators with the necessary linguistic skills to operate in this highly multilingual and multicultural region. These individuals ranged from polyglot Baltic Germans who established the contacts between the sellers of liquor in Central Europe and the Estonian and Finnish buyers, to locals who were able to approach foreign sailors in the Baltic ports of the Soviet Union and,

[7] Lasse Heerten: Ankerpunkte der Verflechtung: Hafenstädte in der neueren Globalgeschichtsschreibung, in: Geschichte und Gesellschaft 43 (2017), 1, pp. 146-175.

last but not least, the Baltic émigré communities in Sweden, which represented an important resource for Swedish firms wanting to establish contacts behind the Iron Curtain. Without such "agents of change", the described unofficial trade and business practices would not have been possible.