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Processes of Spatialization
under the Global Condition

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**East-South Relations
during the Global Cold War:
Economic Activities and
Area Studies Interests
of East Central European
CMEA Countries in Africa**

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1 Introduction

The Collaborative Research Centre 1199 examines how space is being created in the context of globalization. The studies and discussions highlight the development of different levels of spatialities and of different spatial formats – competing with, contradicting or complementing each other. Adapting this topic to the Soviet bloc during the global Cold War apparently makes for a peculiar task. The strictly centralized socialist regimes with a far-reaching claim of control by the (national) state and „Moscow“ seem to make obsolete any attempt to think about other / different spatial formats than “the state” and “the bloc”. Moreover, these spatial formats (the state and the bloc) in general and the Soviet bloc in particular most likely stand outside or even oppose globalization. The classical storytelling goes like this: national communist parties controlled the state. These parties, controlled by Moscow, and the states, controlled by these parties, formed a bloc. The omnipotent parties inside this bloc controlled all foreign economic activities following an autarkic ideology inspired by Marxism-Leninism, and thus the socialist states and the Soviet bloc were autarkic entities.¹

The notion of a “bloc” can only be understood in the context of the bipolar spatial order of the Cold War. It is a concept formulated by the “West” to describe the configuration of the socialist camp – the “East”. The notion of a “bloc” explicitly states the monolithic character and the unambiguousness of the boundaries of the addressed spatial entity. That space is a concretion of power rarely appears as clear as in this notion. The use of “bloc” for the state socialist commonwealth is based on an assumedly clear and Soviet-dominated institutionalization, with the Warsaw Pact Organization for defence and the Council for Mutual Economic Assistance (CMEA) in the field of economic relations. These organizations define the border and the territoriality of the “bloc”. The analysis of their functioning and interactions as well as their entanglements with the outside world allows questioning of the monolithic and unambiguous character of the “Soviet bloc”, thus allowing the bloc character of Cold war socialism to be questioned. This project aims to do so by looking at activities of the CMEA states in the Global South, or to be more precise, by looking at interactions between Eastern European and African states in the realm of trade, aid and knowledge transfer.

1.1 Research Debate: Cold War Socialism between Autarky and Globalization

To be sure, blurred lines between East and West have been a topic of Cold War research for a long time. In the field of economic processes, studies have shed light on trade, cooperation, outsourcing and interdependencies. Studies have described, for example, US grain exports to the Soviet Union, East Central European light industry exports to Western Europe, the GDR's dependency on steel refinery in Western Germany, the establishment of joint ventures between the socialist and capitalist countries in order to do business in the developing countries and, last but not least, the Eastern European indebtedness to Western financial institutions.² In addition, Cold War research was always interested in the superpowers', among them the Soviet, activities in the Global South.³

However, the interpretations of processes and interactions that crossed the “Iron Curtain” in Cold War historiography have their limits, as the overall picture has not been changed. The entanglements across the bloc borders are interpreted as exceptional, developing countries are taken into account only as an object of superpowers' activities and regional conflicts are seen as nothing more than proxy wars undertaken by the

1 This image is not necessarily a scholarly one, but has its repercussions in classic studies of socialism as well. See e.g.: M. Ellmann, *Socialist Planning*, Cambridge: Cambridge University Press, 1989; J. Kornai, *The Socialist System: The Political Economy of Communism*, Oxford: Clarendon Press, 1992.

2 L. Csaba, *Eastern Europe in the World Economy*, Cambridge: Cambridge University Press, 1990; B. Greiner et al. (eds.), *Ökonomie im Kalten Krieg*, Hamburg: Hamburger Edition, 2010. The question of the joint ventures was covered by M. Simai, “Hungary and the Third World: A Case Study on Trends and Policies of Cooperation”, in: E. László, J. Kurtzman, *Eastern Europe and the New International Economic Order: Representative Samples of Socialist Perspectives*, Pergamon, 1980, pp. 64–83; I. Dobozi, et al., *Economic Cooperation Between Hungary and the Developing Countries*, Budapest: Hungarian Academy of Sciences, 1978.

3 See R. H. Donaldson (ed.), *The Soviet Union in the Third World: Successes and Failures*, Boulder: West View Press, 1981; A. Hilger, *Die Sowjetunion und die Dritte Welt. UdSSR, Staatssozialismus und Antikolonialismus im Kalten Krieg 1945–1999*, München: Oldenbourg, 2009; R. E. Kanet (ed.), *The Soviet Union, Eastern Europe and the Third World*, Cambridge: Cambridge University Press, 1987; S. Mazov, *A Distant Front in the Cold War: The USSR in West Africa and the Congo, 1956–1964*, Stanford: Stanford University Press, 2010; E. K. Valkenier, *The Soviet Union and the Third World: An Economic Bind*, New York: Praeger, 1983.

seemingly omnipotent superpowers. Soviet activities are also interpreted under a widely assumed predominance of the political – be it Communist ideology or a geopolitical interest of the Soviet Union in expanding its influence globally. Even (intra-)socialist integration has been seen as an absolute failure. The CMEA has virtually vanished in the post-1989 “end of history” retrospective. It is either interpreted as a transmission belt for Soviet interests or as hollow and dysfunctional due to the predominance of egoistic national interests and autarky-prone bilateralism.⁴ Generally, the foreign economic relations of socialist countries are treated as a little appendix to national economies.⁵ Western economists have described the Soviet bloc economy in terms of “functional autarky”.⁶

More recent studies that take a transnational or global history perspective into consideration criticize the Cold War “bloc” narrative in a more fundamental way. One part of these approaches focuses on East-South relations and underlines the significance of Third World agency, especially since the Bandung conference. Actors from the Global South had their own agenda, participated in shaping the global order, and elites often managed to profit from the superpower competition.⁷ Secondly, the dichotomy of two poles, the bipolar character of the whole world order, has been put into doubt. These studies shed light not only on the agency of actors outside the superpower duality but also put into doubt that the two superpowers were playing on an equal basis. The GDP of the Soviet Union in the 1950s was not more than one tenth of that of the USA. The Soviet Union and the socialist camp were dependent on western technologies and hard currency, while the West was not dependent on anything from the socialist bloc. Thus, as has been elaborated on, for example, by Oscar Sanchez-Sibony, it was the US, and not Moscow, who embargoed, policed and blocked international exchange across the Iron Curtain.⁸

Sanchez-Sibony puts the whole autarky narrative into doubt by arguing that Soviet leaders were actually eager to increase integration into international exchange and world markets. His book has inspired a fierce debate, in which some argue that Sanchez-Sibony has put up a straw puppet in claiming that in a classic Cold War narrative the Soviet economic policy had been seen as autarkic, while others claim that he was completely wrong and Soviet foreign economic policy indeed was autarkic.⁹ Reviewers criticize the author for not placing KGB and party files at the centre of his considerations, while Sanchez-Sibony rightfully argues that decision-making in foreign trade was to a very important extent done by foreign trade officials. Thus, by focusing on the question of which institution’s files were the most important ones to be drawn into the analysis, the debate is still driven by the desire to identify one single rationale behind socialist foreign economic activity. Ultimately, the debate remains at the stage of asking if Soviet/socialist foreign economic policy was predominantly political or predominantly economic. Starting from this point, this project aims to identify potentially differing and conflicting rationales inside the socialist administrations, expert networks and institutions that brought these actors into conflict from time to time. We assume that there was not only one logic behind Cold War socialism’s foreign economic activities. Rather, economic policies were, to a certain extent, driven by the interests of the particular states, institutions or other players on a sub-state level.

As seen here, a substantial part of the discussion on East-South relations centres on the Soviet Union and fails to look at potential independent decisions and rationales of other CMEA states and their negotiating partners from the Global South.¹⁰ One of the basic assumptions of our project is that actors in other CMEA states had their own agendas and, thus, we propose to examine these actors in order to identify spaces of

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- 4 See e.g., M. Dangerfield, “Sozialistische Ökonomische Integration: Der Rat für gegenseitige Wirtschaftshilfe (RGW)”, in: B. Greiner (ed.), *Ökonomie im Kalten Krieg*, pp. 348–369; M. Lavigne, *International Political Economy and Socialism*, Cambridge: Cambridge Univ. Press, 1991; A. Steiner, „The Council of Mutual Economic Assistance – an Example of Failed Economic Integration?“, in: *Geschichte und Gesellschaft* 39 (2013) 2, pp. 240–258.
 - 5 Even the great analyst of the socialist economy János Kornai describes the planned economy as a closed system on a national basis and relegates the „external economic relations” to a particular chapter. Kornai, *The Socialist System*. For similar examples see also Ellmann, *Socialist Planning*; W. Brus, *Geschichte der Wirtschaftspolitik in Osteuropa*, Köln: Bund-Verlag 1987.
 - 6 Lavigne, *International Political Economy*, pp. 13–25.
 - 7 D. C. Engerman, “The Second World’s Third World” , in: *Kritika* 12 (Spring 2011), pp. 183–211; A. Iandolo, “The Rise and Fall of the ‘Soviet Model of Development’ in West Africa, 1957–64”, in: *Cold War History* 12, (2012), pp. 683–704; O. Sanchez-Sibony, *Red Globalisation: The political economy of the Soviet Cold War from Stalin to Khrushchev*, New York: Cambridge University Press, 2014.
 - 8 J. Bockman, “Socialist Globalisation against Capitalist Neocolonialism: The Economic Ideas behind the New International Economic Order”, in: *Humanity Journal* 6 (2015)1, pp. 109–128; Sanchez-Sibony, *Red Globalisation*, pp. 6, 72.
 - 9 H-Diplo Roundtable Review, 24 (2015) vol. XVI, published to the H-Net Commons on 27 April 2015, <https://networks.h-net.org/node/28443/discussions/68413/h-diplo-roundtable-xvi-24-red-globalization-political-economy> [accessed 4 June 2018].
 - 10 Valkenier, *Soviet Union and the Third World*, pp. 35–42.

interaction. Examination of the fringes and peripheries of the Soviet bloc / socialist camp allows for further differentiations in the task of interpreting the substantive character of Cold War socialism.

Beyond East-South relations, transnational and global historical research on the Cold War has also started to re-define international relations *inside* the socialist camp or bloc. As described above, the CMEA and all its measures were seen as a total failure in the 1990s research. Transnational history, in opposition to that, brings out a variety of contacts, interactions and exchanges that were inspired and driven by the economic policy of socialist states.¹¹ Successful in an overall strategy or not, in the framework of the partly institutionalized scientific-technical cooperation and technical assistance experts were sent abroad, blueprints and technical knowledge were exchanged and technologies were transferred. Whole industries developed through or in order to assist this cooperation and exchange – for example, the Bulgarian industries for steel, non-ferrous metal, forklift trucks and later computers or the Chinese steel, cement, sugar and textile industries. Thus, in this perspective, the socialist camp appears as a web of transnational exchange.

1.2 Spatial Orders and Spatial Formats: Socialist Bloc, Camp, and World in Globalization and Global Cold War

In recent debates about East-South relations and the transnational history of Cold War socialism, the term “socialist globalization”¹² has come up. In most of the studies and debates, little effort is undertaken to define what the term “globalization” itself means. Nor has there been a profound debate about what is changed by the adjective “socialist”. Rather, the term is used strategically and in relation to the West, stating that processes and developments in the socialist camp were not isolated from the rest of the world. For example, Sanchez-Sibony makes this explicit in saying, “The Soviet Union throughout the post-war era was more sensitive to changes in the world economy than other large countries such as the United States, Brazil, India, and by the late 1970s, even Japan. [...] The Soviet economy was in large measure embedded in global economic structures at all times in its history.”¹³ While earlier on the integration of the Soviet bloc into the world economy was researched in respect to the 1970s and 1980s¹⁴, with Sanchez-Sibony’s study, the earlier post-war periods have been drawn into the spot light as well.¹⁵ The socialist states’ economies, with their fast growth in the 1950s and 1960s, formed part of the global economic expansion after World War II.

One of the current questions of the debate is whether the “alternative globalizers” contributed to one single process of globalization or if socialist globalization is a process of its own. An empirical example from the former argument would be the finding that Soviet-owned banks in Europe and Iran which administered a certain part of Soviet foreign trade hard currency played a substantial role in the genesis of the Eurodollar

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- 11 R. Applebaum, “The Friendship Project: Socialist Internationalism in the Soviet Union and Czechoslovakia in the 1950s and 1960s”, in: *Slavic Review* 74 (2015) 3, pp. 484–507; P. Babiracki and A. Jersild (eds.), *Socialist Internationalism in the Cold War: Exploring the Second World*, London: Palgrave Macmillan, 2016; P. Babiracki and K. Zimmer (eds.), *Cold War Crossings International Travel and Exchange across the Soviet Bloc, 1940s–1960s*, Texas: A & M University Press, 2014. M. David-Fox, “The Implications of Transnationalism”, in: *Kritika: Explorations in Russian and Eurasian History* 12 (2011) 4, pp. 885–904; A. E. Gorsuch and D. P. Koenker (eds.), *The Socialist Sixties. Crossing Borders in the Second World*, Bloomington: Indiana University Press, 2013; A. Jersild, “The Soviet State as Imperial Scavenger: ‘Catch Up and Surpass’ in the Transnational Socialist Bloc, 1950–1960”, in: *The American Historical Review* 116 (2011) 1, pp. 109–134. For Soviet-Chinese exchanges, as the largest examples for these interactions in the 1950s, see A. Jersild, *The Sino-Soviet Alliance: An International History*, Chapel Hill: University of North Carolina Press, 2014; D. Kaple, “Agents of Change: Soviet Advisers and High Stalinist Management in China, 1949–1960”, in: *Journal of Cold War Studies* 18 (2016) 1, pp. 5–30; W. C. Kirby, “China’s Internationalization in the Early People’s Republic: Dreams of a Socialist World Economy”, in: *The China Quarterly* 188 (2006), pp. 870–90; S. Zhihua, *Sulian zhuanjia zai Zhongguo [Soviet Experts in China], 1948–1960*, Beijing: Zhongguo guoji chubanshe, 2003.
- 12 See M. Aust, *Globalisierung Imperial und Sozialistisch: Russland und die Sowjetunion in der Globalgeschichte 1851–1991*, Frankfurt/Main: Campus, 2013; Bockman, *Socialist Globalization against Capitalist Neocolonialism*; Sanchez-Sibony, *Red Globalisation*.
- 13 Sanchez-Sibony, *Red Globalisation*, p. 5–6.
- 14 A. Steiner, “The Globalisation Process and the Eastern Bloc Countries in the 1970s and 1980s”, in: *European Review of History* 21 (2014) 2, pp. 165–181.
- 15 Sanchez-Sibony also includes the war and pre-war time in his narrative. For example, in the global Great Depression of the 1930s the Soviet Union played a peculiar role very different from an autarkic policy. The anti-cyclical industrialization policy made the SU the largest global importer of machinery in the years of difficult global situation of 1931/32. It is very probable that this curious fact has been largely ignored because it does not fit into the image of a closed Stalinist society isolating itself from the rest of the world. Of course, early post-war East-West entanglements have been researched in earlier times as well, although not becoming paradigmatic in the debate, e.g., N. Jensen-Eriksen, “The first wave of the Soviet oil offensive: The Anglo-American Alliance and the flow of ‘Red Oil’ to Finland during the 1950s”, in: *Business History*, 49 (2007) 3, pp. 348–366.

system by accumulating hard currency from foreign trade operations.¹⁶ An example discussed in respect to the latter argument would be the system of scientific-technical cooperation, which represented ways of knowledge and technology transfer alternative to commercial exchange. In addition – though from a different angle – the debate during a number of CMEA encounters between Soviet and Hungarian scholars on the “nature” of the world market shed extra light on this issue. As of the 1970s onwards, Hungarians argued that the foreign economic policies being applied by the CMEA, respective CMEA countries, and by the organization as such should be based on the fact that there is only one world market, hence a separate or distinct socialist one could not/ does not exist.¹⁷

What the debate about socialist globalization is missing to a great extent is an explicit reflection on space. The term “globalization” itself conveys a dominant spatial dimension, although mostly used without being conscious of it. Often, for instance, this spatial metaphor is used to point to neoliberal reforms and post-Fordist transformation. This project will address the spatial dimension in the globalization debate and ask to what extent post-war economic expansion and the transformations starting in the 1970s were a global phenomenon and to what extent they were processes of regionalization in a global spatial order.

The notion of “socialist globalization” opens up the opportunity to transcend the Cold War as a single spatial order of ubiquitous dominance and ask for potential alternative orders in the realm of the economy. By analysing the functioning of the Soviet bloc and the actors in East-South relations, the project asserts that the socialist actors were positioning themselves not only in the bipolar world of the Cold War but also in a global economy. In the latter, socialist officials acted with a more or less explicit recognition of their inferiority to the West. This self-positioning as a dependent “semi-periphery” becomes visible not only in trade relations with the West but also in intra-socialist international economic cooperation. A notable example of this is the debate about prices in intra-socialist trade. Through all the years of its existence, the CMEA debated about establishing an independent price system in order to gain more independence from world markets. The (official and explicit) reality, however, was the pricing system from the 1958 summit in Bucharest, which accepted world market prices as the basis for CMEA trade. Any negotiator in intra-socialist trade knew (or was supposed to know) at any time how much the goods he sold or bought would cost on the world market. These data were one of the fundamentals of bargaining in intra-socialist trade. The global economic predominance of the West blurred the lines of the bloc.¹⁸

With questioning the bloc as a monolithic space and as such as a territory under Soviet domination, other spatial formats existent in or connecting with the socialist world come into consideration – spaces of global action, spaces of interaction, which to a certain extent emerged and functioned beyond or at the margins of national control and opened up pathways into the world economy. Examples include, but are not limited to, special economic zones, ports, transport ships and fishing vessels, international train traffic infrastructure, construction sites, trade fairs, stock markets, joint multinational enterprises, international banks, international economic organizations, scientific conferences, international expert journals, etc. Examining these seemingly marginal “micro-level” spaces of global action will help to shed light on the limits of the dominance of the spatial formats of the “nation-state” and “bloc” and allows the measurement of to what extent the spatiality (or territoriality) of the Soviet bloc was fragile, contested or limited.

Based on these considerations the main hypotheses at the start of this project can be summarized as follows:

1. State socialist actors did not function as one and did not act as a “bloc”. They had diverging agendas along various interest lines, which could contradict each other. The aim of this project is to identify and characterize the differing and sometimes conflicting rationales of these actors.
2. Networks of cooperation and exchange crossed and blurred the lines of the supposed “bloc”.

16 H-Diplo Roundtable Review, Author’s Response; S. W. Kim, *Beyond the Iron Curtain: The Eurodollar Market, the Moscow Narodny Bank, and the Communist Origin of Global Finance, 1957–1969*, paper at the first World Congress of Business History, session 105: Capital Markets and Business Development, University of Cambridge, 2016.

17 M. Simai, *The NIEO and the CMEA*. Discussion paper for the “Spaces of Interaction”-Conference held in Leipzig 26–27 October 2017.

18 Cf. J. Bognár, “Wirtschaftliche Zusammenarbeit zwischen Ost und West zur Zeit des weltwirtschaftlichen Epochenwechsels” [Economic cooperation between East and West at a time of changing world-economic epochs], in: *Wissenschaft und Frieden* 1 (1975) 4, p. 7.

3. Other spatial formats than the state and the bloc had relevance, too – among them small scale spatial formats, networks, enterprises, special economic zones, and (macro) regionalizations crossing the lines of the bloc.
4. Socialist economic actors position themselves not only in a Cold War order, but also in a capitalist world system.
5. Both Second and Third World actors and their cooperations and interactions, made their own contributions to the global post-war economic expansion.

1.3 Operationalizing the Hypotheses

In order to operationalize the hypotheses, the project approaches the topic in three case studies from three angles, different in geography and focus. One of the studies looks at the interaction from the perspective of Eastern European actors (starting namely from Bulgarian actors), the second study starts from the documents produced by protagonists from an African country (Ghana), while the third study is located at international organizations and looks at concepts discussed in UN commissions. These different geographic perspectives are combined with different thematic starting points: the first study puts one commodity (cotton) at the centre of examination and follows the different steps of interaction connected with its production and trade by examining the infrastructural work and transfers of knowledge. The second study focuses on scientific-technical and infrastructural cooperation, identifying the actors involved in these interactions. The third study analyses the transfer of concepts of development from Eastern Europe to the UN and to the developing countries and backward. This threefold approach helps to minimize the Eurocentric bias of the studies in the East-South relations field mainly done by experts on Eastern Europe and to identify actors from the East as well as from the South, their rationales and movement patterns in a comprehensive manner.

In particular, the study on the Bulgarian cotton trade takes one commodity as a starting point for examining interactions between the socialist camp and different African countries, mainly Egypt, Sudan, Ethiopia, and Ghana. With the concentration on one commodity, the study will not only focus on mere trade of raw cotton or cotton products and textiles, but also look into the infrastructures of trade and knowledge transfers in the framework of technical cooperation to enhance cotton growing or textile production. This concentration on actors from one (professional / economic) field allows for the identification of an alternative geography deviating from Cold War lines – the actors and their concepts and objects move according to the logic and the necessities of their field instead of those predetermined by the bloc.

The second study approaches East-South economic relations from the point of view of the Ghanaian economic administration under Kwame Nkrumah. Thus, this study aims to elaborate mainly “Southern” (in this case African) agency in East-South cooperation in order to question the bloc narrative and to identify spaces of interaction. Ghana, as the first independent former British colony south of the Sahara, is an early example of East-South cooperation as well as of an intense attempt implementing socialism in order to gain economic independence and wealth. The negotiation and implementation processes of infrastructure projects, economic cooperation and technology transfers between Ghana and CMEA countries are examined in order to identify networks behind trade and cooperation.

The third case study focuses on debates on alternative development paths and related spatial orders in the context of international organizations. The most important concept among these, the “New International Economic Order” (NIEO) is at the centre of this analysis. In particular, the views, positions and practices of economists from Hungary contributing to the debate on the NIEO will be examined. This analysis of the contributions of protagonists from Eastern Europe to the global development discourse allows drawing conclusions where these Eastern European actors locate themselves in an accelerating globalization process and how they position themselves vis-à-vis the Global South. Building on these findings, we will answer the question of to what extent these actors produced geographies alternative to the Cold War dichotomy. The three case studies will be elaborated in the following.

2 Chairman Cotton. Trade, Infrastructures, and Knowledge Exchange between Socialist Bulgaria and African States (1950s to 1970s)

2.1 Cotton Trade of Socialist States and the Global Condition

Cotton is one of the most notorious icons of industrialization. Next to coal, burnt for moving the steam engine, the “white gold” has been described as the major material basis of the 19th century industrial revolution in northern England. The genesis of “Manchester capitalism” was based on the textile industry, and cotton was the necessary raw material to be fed into an increasingly mechanized production process. Cotton was at the foundations of wars, colonialism and slavery – the calamities that accompanied the beginning of modern capitalism. It was the raw material of the industrialization of Lancashire and of regions of Central Europe such as Flanders and Saxony, of the early rise of the United States, later of Japan’s push to join the core capitalist countries and of the beginning of the Chinese economic growth of recent decades. While the European and US textile industrial centres went into decline in the course of the 20th century, other regions like Osaka or the Pearl River delta were industrialized starting from the processing of cotton.

Thus, Sven Beckert in his “Global History of Cotton” observes a fundamental spatial shift in the “Empire of Cotton”¹⁹. What was perceived as deindustrialization in the former capitalist centres, with its production spaces in Lancashire, New Hampshire or Alsace, was at the same time a great industrialization process of (semi-) peripheries. From a global perspective, there was a change in the geography of production chains in the textile and cotton industry rather than a process of the disappearance of this industry. The socialist world had a substantial role in this shift accelerating in the second half of the 20th century: China, in the long run, became the major producer of raw cotton and textiles, with the Soviet Union coming second as a cotton producer in 1980.²⁰ The smaller East European states developed or maintained considerable textile industries which exported parts of their produce to global markets. It is this part of the shift of the Cotton Empire that this study will be looking at. It attempts to show the degree of integration, entanglement or incorporation of socialist economic structures into the capitalist world system and its markets and infrastructures. Therefore, the field of cotton trade and international economic cooperation in cotton and textile production between Bulgaria and African countries will be examined as an example.

Bulgaria was the only one of the Soviet partner states in Europe that – in addition to developing a textile industry – produced raw cotton itself. Bulgaria’s own cotton growing was not very significant, but of high priority for Bulgarian economic officials in the agricultural sector. Beyond this domestic production, Bulgaria imported cotton from three sources. First, the most important cotton exporter for Eastern bloc countries was the Soviet Union. Second, China also sold parts of its cotton harvest to Bulgaria. Third – and what is in the centre of this study – Bulgaria bought cotton from African states, at first from Egypt, and later also in Sudan, Ethiopia and Tanzania.

The field under examination in this study not only comprises trade in raw cotton but also trade in cotton produce. The traders from the cotton importing and textile exporting state enterprise “Industrialimport” (the exporter of products and importer of raw materials for the Bulgarian light industry), not only bought cotton but were also in search of markets for the textile produce of the Bulgarian industry. These exchanges also had a Bulgarian-African dimension. From the early 1950s, African states and still-existing colonies were the focus of the economic analysts of “Industrialimport”. In their search for markets for a steady outlet of the increasing production of the Bulgarian textile industry, these traders were completely oblivious to socialist internationalism and spotted, for example, “white populations” in Apartheid South Africa and British colonies as buyers.²¹

Furthermore, the Bulgarian entanglement with African states in the cotton sector went further than mere trade. Cotton growing was also the subject of technical-scientific cooperation. As a small cotton producer

19 S. Beckert, *Empire of Cotton: A New History of Global Capitalism*, New York: NY Knopf, 2014.

20 S. Beckert, *King Cotton: Eine Geschichte des globalen Kapitalismus*, Bonn: Bundeszentrale für politische Bildung, 2015, p. 392.

21 Reports in preparation of meetings of CMEA textile exporters for cooperation on foreign markets, e.g., Bulgarian State Archive (CDA), f. 324, op. 10, d. 23, pp. 194–195.

trying to improve its methods of production while also desiring to carry their expertise into the world, Bulgarian experts entered an exchange of technologies and knowledge, with these exchanges opening up spaces of transnational interaction. Experts from socialist East European countries went to the cotton trade fair in Cairo in 1958, advisors travelled to countries in the Global South to teach irrigation methods, and North Korean experts came to Bulgaria to explain their successes in cotton growing.²² The cotton traders from Bulgaria wanted to broaden supply opportunities (or ease the dependence from Egyptian cotton) and thus considered the opportunities of cotton growing and of building cotton export production in further countries.²³ Thus, for example, Bulgarian export firms helped to build state farms and textile factories in Ghana, while a Bulgarian company for technical aviation flew sorties for plant protection over cotton fields in Sudan.²⁴

However, trade also involved more than mere monetary merchandise exchange. The fostering of trade requires infrastructures that secure its successful realization: transport, assurances, credits, information on the goods' quality and characteristics, the standardization of the criteria for quality, and information on prices. The Bulgarian and African officials had to organize all these things, thus necessitating the participation of many more actors than the participants of bilateral trade negotiations – starting from international shipping companies, through assurance firms and banks, to international cotton expert boards and regional or global stock market exchanges. All these necessary preconditions and infrastructures of trade have been neglected in research because of the concentration on trade exchange itself and the strong assumption of bilaterality in socialist foreign activity. These interactions were much more intense, multilateral, transnational and global than trade statistics naming only two partner countries as participants can tell.

Drawing the infrastructures of trade and development knowledge exchanges into consideration, the shift of the Cotton Empire reveals the persistence of structures from the empire's old centres, which – though they may have lost their position as places of production – still had a strong influence over standardization, pricing, capital circulation control or transport technology. The Bulgarian experts and traders in the field, in cooperation with other CMEA country experts, studied the price development at the cotton exchanges in Liverpool, New York and Alexandria; applied the quality standards from the old cotton empire ("good to fully good"); engaged Alexandrian brokers for implementing cotton purchases; relied on British banks for crediting trade transactions and for evaluating the reliability of trading partners; and founded international trade assurance enterprises together with cotton suppliers like the Bulgaro-Sudanese "Sudanese Insurance Company".²⁵ Long before the widely assumed opening to the world of the socialist camp from the 1970s onwards, the actions of Bulgarian and CMEA cotton traders were deeply rooted in the capitalist world system in general and in the networks and interaction patterns of the old Cotton Empire in particular. The connections of the old imperial world with its nodal points persisted in the cotton and textile trade of the 1950s and 1960s until the assumed state dominance of the after war period began to dilute into the neoliberal, finance-dominated global capitalism of nowadays. Thus, focusing on the actors from one field, involved in trade and production around one commodity, we find that their patterns did not function along the lines produced by Cold War

22 Correspondence between Trade Ministry, Trade Chamber, DTP Industrialimport and the Trade representation in Egypt on participation at the Trade Fair for Egyptian Cotton in Cairo, CDA f. 487, op. 1, a. e. 77, l. pp. 139–150; Reports of GDR foreign trade officials on participation at international trade fairs for Egyptian Cotton in Cairo, 5–24 April 1958, Bundesarchiv (BArch), DL 2 / 4095; Kak polučavame 1,200 kg pamuk ot dekar. Beseda s dr. Gjan Ik Žin – glaven agronom na DZS v Kan so, Koreja [How we get 1200 kg cotton from a dekar, Interview with Comrade Gjan Ik Zhin, head agronomist at state farm in Kan so, North Korea], Kooperativno Selo, 17 January 1959, p. 2.

23 For example, the Bulgarian foreign trade officials in Egypt suggested alternatives to Egypt for cotton supplies in a report to the ministry in 1960, mentioning Iraq, Syria and Sudan (CDA, f. 259, op. 13, a.e. 44, pp. 474–475). Alternatives for Egyptian cotton were eventually found mainly beyond Africa. Egypt retained a considerable share in Bulgaria's cotton import in the second half of the 1980s with Tanzania being the only African competitor – Nicaragua and above all Pakistan became – next to Egypt and a temporary increase in Tanzanian imports – the most important Third World cotton suppliers for Bulgaria in the late 1980s. See Vānshna tǎrgoviya na Narodna Republika Bālgarija: Statisticheski dannii 1980–1988 [Foreign Trade of the People's Republic of Bulgaria: Statistics 1980–1988, Izdatelstvo i pechatnica pri Centralno statistichesko upravlenie: Sofia, 1989, 1980–1988 p. 270 [http://statlib.nsi.bg:8181/bg/lister.php?id=DO-010004198&page=271, 10 October 2017].

24 Report of foreign trade firm "Teksim" to Commission for Economic and Scientific-Technical Cooperation on agricultural aviation over cotton fields in Sudan, CDA, f. 1244, op. 1, a. e. 7650, pp. 274–277; Proposals of the „Advanced Bulgarian Experts' Team" at the Bulgarian Embassy / Commercial Section to the Ghanaian Committee for Economic Co-operation with the Eastern Countries, concerning „the assistance to organize and guide one state agricultural farm" and „the designing work and the delivery of equipment for a cotton-weaving textile factory", Accra 21 March 1962 / 28, Ghana Public Records and Archives Administration Department (PRAAD), RG 7/1/1665, pp. 49–50; p. 79.

25 Note from Ministry of Finance to Foreign Trade Ministry on the execution of the Bulgarian-Sudanese "Sudanese Insurance Company", CDA, f. 1477, op. 26, a.e. 3137; pp. 26–27; Reports in preparation of meetings of CMEA textile exporters for cooperation on foreign markets, e.g., CDA, f. 324, op. 10, d. pp. 18–60.

spatialization processes, i.e. inside the bloc or the state. Rather, they functioned along lines produced by the requirements and logics of their field. “Chairman Cotton” made itself felt.

This does not mean that the state and the foreign trade monopolies in socialist states did not matter. To be sure, next to the “global condition” (here: New York stock exchange prices, harvests in Egypt, British banks’ credit policies and capacities of global shipping companies), every action of a Bulgarian foreign trader was to a large degree influenced, if not determined, by the government’s claim on control of every transaction that crossed the Bulgarian border. However, the socialist state’s effort to win control over foreign trade did not happen in the context of a world otherwise dominated by free trade but in the context of a more general, global development of increasing state control over foreign trade. Bilateralism and clearing mechanisms were not at all confined to the socialist world in the decades following World War II. Coming out of protectionist phases in the context of the Great Depression, fascism and World War II, non-socialist European states were realising much of their foreign trade through bilateral clearing settlements as well.²⁶ The confinements of this arrangement were not only a problem for socialist states but a global one. As countries tried to balance their bilateral clearings, they found a remedy in re-export deals, with the market that developed around these crossing Cold War bloc lines.²⁷ Many of the newly independent post-colonial states also applied strategies of import substitution and implemented measures to enlarge state control over foreign trade. In the case of cotton trade, we find that after the early post-war years the Bulgarian foreign trade officials had to deal with an increasingly influential Egyptian state agency for cotton trade. “Chairmen” made themselves felt as well, and not only in the Soviet bloc.

These chairmen, through state interventions did not stop transnational interactions, but instead gave them a new form. They changed the ways of institutionalization and the spatial patterns of these interactions. The expansion of state control over the economy enlarged periphery-periphery-relations, which the power of capitalist centres, private corporations or (colonial) empires – drawing all resources to and through their centres – had hindered. The state intervention in foreign trade not only led to a decrease in international exchange and interaction – it was also a process of their institutionalization. This institutionalization was explicitly aimed at encouraging exchange and interaction and produced alternative geographies to the centre-periphery flows that had dominated the imperialist world (and in a new form dominate the neoliberal world of today). The (socialist) state was a significant globalizer.

2.2 Research Questions, Hypotheses and Approach

To follow one commodity one branch, or – in Beckert’s words – one “empire” enables this study to follow the actors through different stages. While many studies only look at the trade negotiations or are exclusively interested in the travel of experts, here we try to follow socialist foreign economic activity and negotiation processes through all their levels and steps. We will follow the Bulgarian experts to the bloc-wide specialists’ conferences,²⁸ the foreign trade officials to the meetings of the CMEA textile industry commission about concerted proceedings on capitalist cotton markets,²⁹ the import-export firms’ staff to the cotton and textile trade fairs,³⁰ and the agricultural scientists to their exchanges with Egyptian cotton growers. Taking a closer look at the participants in decision-making on the Bulgarian side, the project will examine who the actual bearers of this little “cotton empire” were and to what degree this group developed particular interests and followed its own agenda. The staff of “Industrialimport”, foreign trade ministry officials, managers of public-private Bulgarian foreign trade firms and of Bulgarian Joint Ventures with African state firms, the officials of the State Plan commission, and the experts in cotton growing in scientific institutions will be among the

26 Sanchez-Sibony, *Red Globalisation*, pp. 74–80, pp. 96–105.

27 For an example from Bulgarian foreign trade, delivering cheese from Argentine to Egypt to balance the – because of cotton imports – negative trade balance with Egypt, see “Record from State Foreign Trade Enterprise Bulet, Sofia, to Foreign Trade Ministry”, Department for Trade Agreements, 17 November 1960, CDA, f. 254 f. 259, op. 13, a.e. p. 44, p. 554.

28 For example, International Cotton Conferences of CMEA Countries in Prague 1958 (BArch DE 1/25676; DE 1 25696) in Bielsko-Biala (Poland) (DE 1/25672; DE 1/25673) and in Budapest in 1959 (DE 1/25674; 25675).

29 Reports on Scientific-Technical Cooperation of CMEA Countries in Cotton Industry 1959 (BArch, DE 1/25689; DE 1/25690); Reports on GDR STC with ČSSR and Romania in Textile Industry 1959–1960 (BArch, DE 1/25677); Protocols, Reports, Information Notes about conferences for coordination of proceeding on capitalist markets for cotton and textiles 1956–1960 (CDA, f. 324, op. 10, a.e., pp. 18–60).

30 Reports on participation at international trade fairs for Egyptian Cotton in Cairo, 5–24 April 1958, BArch, DL 2/4095.

most important actors on the Bulgarian side. We will examine how these players reasoned through their own actions and what the driving rationale behind was. How did they reconcile commercial interests in the cotton market with a narrative of socialist brotherhood and bringing development to the underdeveloped world? Thus, understanding the configuration of this interest group allows for interpreting the examined interactions with cotton exporters in Egypt and later also Sudan and Ethiopia in respect to international power relations and economic geographies that shaped the actors and which were shaped by the actors. Looking at practical questions – as in whether CMEA traders bought processed thread and fabric or only raw materials from African cotton exporters – contributes to the discussion as to what extent CMEA states supported an international division of labour and the further industrialization of cotton delivering countries.

Examining the protagonists of these interactions also helps bring nuance to the picture of the overwhelming dominance of economic and power interests of the Soviet Union. By identifying different actors involved in the examined interactions, this study questions the idea of a monolithic socialist regime and, on an international level, of a monolithic, isolated bloc controlled by one centre in Moscow. Therefore, the study poses the following questions:

- *Which actors/institutions are involved in these interactions?*
- *Do these actors develop their own interests or own agenda?*
- *What are the rationales behind the actors' behaviour?*
- *To what extent do these rationales come into conflict?*
- *What kind of (intra-state/international/global) power relations are precondition, to or emerge from these interactions?*
- *To what extent and in which ways are the examined interactions shaped by Cold War or global economic geographies and to what extent do they shape these geographies?*

There are several hypotheses at the start of this project which partly have been partially illustrated above. First, different actors inside the socialist economic and state bureaucracies followed diverging and conflicting rationales. The study assumes that institutionalizations and the division of labour produced (institutional) interests, which in much of the research on state socialism have been made largely invisible by the idea of a centralized party dictatorship regime. Different actors with different tasks and assignments were pulled in different directions. The dominating rationales were much more oriented towards a national industrial/economic expansion than towards any Marxist ideology deviating from the global hegemonic capitalist ideas. Power was not located in just one centre in Moscow (in a global competition with the US), as the fate of economic development and investment projects was subject to influence from many more actors and factors than the Communist Party of the Soviet Union (CPSU) general secretary's will. Engineers and enterprise managers' professional interests, the institutional interests of politico-economic complexes ("empires"), and the preconditions from the outside and material world made themselves felt as much as any ideological agenda.

Second, we argue that the mentioned divergences between socialist actors can be observed in the interests and rationales of actors from one field, in this case cotton, and textile trade and production. The requirements of working in this field transcended or contradicted supposed Cold War lines in many respects.

Third, we argue that the power of global markets, and thus the capitalist centres, becomes visible in the interactions between actors from the socialist camp and the Global South. Cotton trade in the early phase of socialism was still very much rooted in the structures of 19th century trade (and war) and the spatial formations of empires – their nodal points and transnational connections.

Fourth, the extension of control over international economic activity by the socialist state, was not equal to the isolation from the outside world, but did – or at least attempted to – re-centre connections and flows and encourage (semi-)periphery-periphery relations. The socialist state was thus a significant globalizer.

2.3 The Significance of Cotton Trade in the Bloc and for Bulgaria

To contribute to the task of examining the power relations in the socialist camp – to measure the room to manoeuvre of actors beyond the CPSU politburo and thus to question the monolithic character of the Soviet bloc and to determine the degree and form of integration of the socialist players in the global economic system – we take a look at a seemingly marginal realm. Bulgaria's relations with African states were not significant in the world economic expansion after World War II and not the cause of the crises beginning in the 1970s. Further, we concentrate the study on a raw material that is used in light industry – an economic branch not particularly in the focus of socialist planners, who put their emphasis on coal and steel. However, while the socialist leaders wished to establish strong industries for production goods (machinery) and basic materials for heavy industry (steel), in fact, light industry retained a very important role. Parts of its product could be exported for hard currency and, in the less industrialized socialist countries in particular, it retained a significant share in industrial production. Cash crops like cotton were at the crossroads of agricultural and industrial production, as they were produced by the agricultural sector and used in an industrial sector. With the new emphasis on the role of agriculture in economic development after Stalin's death, cotton gained a specific role in the developmental mindset of Bulgarian planners.

The general significance of cotton as a raw material for the textile industry, the base of industrialization, and its geographical shift on a global scale in the 20th century were mentioned in the beginning of this section. More particularly, cotton was an important issue for socialist planners and foreign traders in the second half of the 20th century.³¹ In the Soviet case, cotton fibre was a crucial export good during the early 1950s (in 1950 it was third among USSR export goods at 10 per cent). The significance of cotton exports in the overall Soviet trade balance was shrinking, but with much less velocity than the export of grain. Grain had been the main export product of the Soviet industrialization drive of the 1930s, but lost its position as the main export good, falling from a share in Soviet exports of more than 20 per cent in 1946 to 2.6 per cent in 1966. In the long run, oil and machinery took the position of grain and cotton, but cotton proved to be more persistent than grain.³²

The Soviet Union was, to be sure, the main cotton producer and provider in the CMEA, but it did not have enough cotton to satisfy the needs of the whole bloc. The Bulgarian importers employed a double strategy. On the one hand, they tried to enhance domestic cotton production (e.g., learning how to plant it from, for example, Chinese and North Korean specialists). Bulgaria's resulting domestic cotton production was not enough to satisfy the needs of the Bulgarian textile industry, but it was enough to inspire processes of learning and transfer. On the other hand, they imported cotton from other places – most notably, in the 1950s, Egypt. For example, in 1959, 60 per cent of Bulgarian cotton imports came from CMEA countries – that is, mostly from the Soviet Union – while more than 30 per cent came from capitalist countries, prominent among them the cotton producers in Africa.³³

African states, for their part, played an increasingly important role in global cotton markets. While they produced only just shy of 10 per cent of global production, their share of global cotton exports was more than 30 per cent in 1970 (although shrinking to 25 per cent in 1973).³⁴ The reason for this higher percentage in exports than in production was that the great cotton producers of the USA, China, India, and the Soviet Union had domestic textile industries, which absorbed a considerable part of their cotton production, while the

31 Of course, it was an important issue for Soviet traders and economic bureaucrats in the first half of the 20th, too. The Soviet Union did have cotton production itself, but it needed additional imports. In a particular case, documented in Gosudarstvennyi Arkhiv Rossiiskoi Federatsii (GARF), economic officials discussed about an increased export of Central Asian cotton to win currency which could buy additional imports of cotton from Egypt, which had special qualities needed by the Soviet textile industry. Examples like this one show the degree of integration into global circulations and the limits of import substitution strategies in Soviet economic policies. Correspondences and protocols of the Valuta Commission, the People's Commissariat for Foreign Trade, and the Council of the People's Commissariats, November 1931–March 1932, GARF, f. R. 5446a, Opis 13a, d. 661.

32 Vneshnaya Torgovlya SSSR. Statisticheski sbornik (1918–1966) (Moscow: Izdatelstvo Mezhdunarodnye otnosheniya, 1967), pp. 96–97.

33 The last less than 10 per cent came from other "socialist states", i.e. China and North Korea. Statistical Bulletin of the CMEA secretariat for 1960 [Sovet ekonomicheskoy vzaimopomoshchi. Sekretariat. Narodnoe chozjajstvo stran uchastnic Soveta ekonomicheskoy vzaimopomoshchi v 1959 godu. Statisticheskij bjulleten', g. Moskva, Sentjabr' 1960, "Sekretno"], CDA, f. 1244, op. 1, a. e. 4825.

34 B. Barankiewicz, "Africa's Role in the International Division of Labour and the Question of Cooperation between the Socialist Countries and the African Countries", in: *Economic Relations of Africa with the Socialist Countries*, Proceedings of the 5th International Conference of the Socialist Countries' Africanists, November 1976, Budapest, vol. III, Budapest 1978, pp. 17–40, p. 21.

African cotton producers did not have large processing industries and textile factories and had to export a much higher percentage of their cotton. African cotton exports were especially significant for socialist Eastern Europe, as the socialist cotton importers were excluded from business with the USA, which in the 20th century were still among the biggest cotton producers. Of the significant African share in global cotton trade in 1973, 37 per cent went to CMEA countries.³⁵ Trade between Africa and CMEA countries thus was indeed significant in this important sector.

The significance of African cotton exports in the early post-war years for socialist countries in general and Bulgaria in particular is also illustrated by the importance of Egypt as a trading partner, which was one of the six most important non-socialist trading partners of the Bulgarian People's Republic. In 1954, 77 per cent of the trade with non-socialist states was on account of six states – in addition to Egypt, Austria, the UK, West Germany, Belgium and France.³⁶

We thus see that there was a cotton trade of statistical significance, even in the very early years of the Cold War. Starting from there, this study identifies actors involved in this trade, the knowledge exchange and infrastructural measures around and the decision-making processes and the rationales behind it. Potential conflicts between the actors will be described as well as tendencies of trade, infrastructure developments, and corresponding acts of scientific-technical cooperation.

2.4 Mutual Role Models: Bulgaria's Special Relation with Third World Countries

In focusing on actors from Bulgaria, this study looks at a special case among the socialist states in respect to relations with the Global South. Bulgaria was one of the smallest countries in the socialist camp and one with the lowest GDP. In spite of that – or maybe, rather, because of that – it was especially interesting to many actors from other non-industrialized countries. As it achieved high growth rates in the decades after World War II, having started as a country with a mostly agrarian economy, it became an interesting example for other developing countries. Not least, Cuban socialists discussed Bulgaria as an outstanding example and role model, after the revolution of 1959.³⁷ Bulgarian agricultural specialists were invited by Cuban officials to the Caribbean island and provided knowledge on agricultural techniques.³⁸ African states promoting state-led or collectivized agricultural development were also interested in the Bulgarian model.³⁹ The Bulgarian regime started to engage the Bulgarian Agrarian Peasants Union in developmental diplomacy in the late 1950s and 1960s and the bloc party was used to showcase a Bulgarian model of "agrarian democracy" and a just example of a fast developing, mechanizing, and democratic development.⁴⁰

However, the flows of developmental ideas also went the other direction. As Bulgaria – at least in the early Cold War years – was still in part a developing country, ideas, models, and campaigns from the countries of the Global South could be attractive to the Bulgarian leadership, too. Not least, in the late 1950s, Bulgarian leaders were fascinated with the Great Leap Forward in China. Methods of labour mobilization without salaries were partially adopted along with agricultural techniques from deep digging to dense planting. Liliana Brisby identifies similar preconditions of scarce availability of capital and abundance of labour in the countryside as the motive for the Bulgarian interest in the Chinese Leap campaign, and argues that, "The Chinese drive to substitute a maximum use of labour power for limited capital was what impressed the Bulgarian Communist

35 V. V. Lopatov, "Some Results and Tendencies in the Development of Economic Relations of the European CMEA Countries with the African Countries", in: *Proceedings of the 5th International Conference of the Socialist Countries' Africanists*, November 1976, Budapest, vol. II, Budapest 1978 pp. 57–62, p. 58.

36 "Report to the foreign trade ministry on trade with capitalist countries 1954", CDA, f. 1244, op. 1, a.e. 4820, I, pp. 122–127.

37 M. Zeuske, *Insel der Extreme; Kuba im 20. Jahrhundert*, Zürich: Rotpunkt-Verlag, 2000, pp. 91–116.

38 J. Baev (ed.), "Decision to Send a Group of Bulgarian Experts to Cuba", J. Cherneva [transl.], September 1962, History and Public Policy Programme Digital Archive, Central State Archive of Bulgaria (TsDA), Sofia, Fond 1-B, Opis 6, a.e. 4939, Obtained by the Bulgarian Cold War Research Group [<http://digitalarchive.wilsoncenter.org/document/116360>] (4 June 2018).

In the 1960s and 1970s Bulgaria sent the second biggest group of specialists to Cuba from a socialist country after the Soviet Union. C. Blasier, "CMEA in Cuban Development", in: C. Blasier and C. Mesa-Lago (eds.), *Cuba in the World*, Pittsburgh: University of Pittsburgh Press, 1979, pp. 225–256, p. 242.

39 Material from the Egyptian and Sudanese Press about Bulgarian agriculture and industrialization collected by the foreign ministry, Egypt: CDA, f. 1477, op. 26, a.e. 3296; Sudan: CDA, f. 1477, op. 26, a.e. 3157.

40 Kurzmitteilung TASS [Telegrafnoe agentstvo Sovetskogo Sojuza (TASS) pri Sovete Ministrov SSSR: Otdel proverki i dokumentacii; Dos'e innostranoj obščepolitičeskoj informacii Afrika-socialističeskie strany], 12.10.1979, GARF, f. 4459, Op. 43, D. 22015, I. 27.

leaders most.⁴¹ Even the people's communes and the leadership structures in them were of great interest to the Bulgarian specialists, and to a certain extent influenced the 1958 / 59 campaign for an immense enlargement of the Bulgarian agricultural cooperatives. Regarding interactions with African states at later stages, it is necessary to ask whether Bulgarian planners – e.g., the Bulgarian Agrarian National Union's (BZNS) secretary receiving the secretary of the Tanzanian Union of Cooperatives – were not only selling their model of building socialism in the Bulgarian village but were also interested in the agricultural regimes in countries in the Global South, as in this case, for example, the experiences of Ujama-socialism in the Tanzanian countryside.⁴²

Bulgarian relations to African states went far beyond the infamous weapon sales to liberation movements. Bulgarian foreign trade officials placed a strong emphasis on their participation at African and Middle East trade fairs in Accra, Tripoli, Algiers, Casablanca, and Cairo – and, vice versa, the participation of countries from this region at the trade fair in Plovdiv.⁴³ Bulgarian architects built sports complexes, hospitals, schools, government buildings, transport infrastructures, and buildings for cultural purposes – among them mosques and churches – in Nigeria, Ethiopia, Libya, Algeria, Tunisia, Mali, and Ghana. The most significant project was the National Theatre in Lagos built after the model of the Varna sports hall in the 1970s, and the football stadium in Accra, erected in 1960. With the aesthetics of these buildings, an image of modernity was shared between the development regimes in Bulgaria and these states.

In respect to cotton, Bulgaria was also special inside the socialist camp – it was one of the few countries with its own cotton production. Albania left the CMEA / Soviet bloc in 1961, and China – as the biggest cotton producer in the socialist camp – also fell into conflict with the Soviet bloc. Thus, next to the Soviet Union, Bulgaria was the only country that was both a cotton importer and producer at the same time over a long period. This material fundament gave it a special interest and role in interacting with cotton producers in the Third World.

2.5 Pre-Conclusion

By taking interactions between Bulgaria and African states concerning cotton exchange and production under examination, this study is intended to contribute to the more general questions of the rationales behind the foreign economic activities of socialist bureaucracies, the configuration of the socialist camp as a "bloc", the position of Cold War state socialism and specific actors from the socialist camp in the global economy and how these actors shaped and were shaped by Cold War and global economic geographies and power relations. This contribution helps to differentiate the image of an uncontested dominance of *bloc* and *nation* as spatial formats in the socialist world, thus also questioning the unquestionable image of the bipolarity of the global order during the Cold War era.

41 L. Brisby, "Leaping Forward Without Communes", in: *Chinese Quarterly* 1 (1960) 3, pp. 80–84, p. 81.

42 Memorandum TASS, 12.10.1979, GARF, f. 4459, Op. 43, D. 22015, l. 27.

43 "Protokolle und Spezifikationen von Exponaten für Ausstellungen und Messen des Staatlichen Handelsunternehmens Elektro-impeks", CDA, f. 606; Opis 1, pp. 24–37; A. Cvetkova, Economic Relations between Bulgaria and the Arab Countries, in: *Economic Relations of Africa with the Socialist Countries, Proceedings of the 5th International Conference of the Socialist Countries' Africanists*, November 1976, Budapest, vol. III, Budapest 1978, pp. 49–57, p. 52.

3 African Socialism under Construction: Economic Relations and Scientific-technical Cooperation between Ghana and Eastern European Socialist Countries, 1957–1972

3.1 Ghana and the CMEA Countries

Ghana was the first African country south of the Sahara that gained independence from Great Britain in 1957. Kwame Nkrumah became prime minister and later president and his party, the Convention People's Party (CPP), ruled the country until his overthrow in 1966. Independent Ghana found itself at the crossroads of two main axes of world affairs where Cold War East-West confrontation and the economic North-South inequality of a decolonizing world met.

In Ghana, political independence was achieved through a peaceful transfer of power rather than a militant anti-colonial struggle. But, for a couple of years, Ghana became a hub for anti-colonial and pan-African activities and a testing ground for African socialism. High hopes and big expectations accompanied political independence. But economic independence did not follow political developments. Ghana, as the world's largest cocoa producer at the time, relied on cocoa exports and the world market price. For its ambitious development plans, the CPP government was dependent on cocoa revenue and development aid.

Cocoa was one important commodity trading partners from East and West wanted to get at favourable terms. For the socialist countries, intensifying contacts to Ghana meant both, getting cocoa without having to buy it for hard currency and developing socialist development strategies for decolonizing African countries. During the early 1960s, Ghana became an experimental field for the Soviet Union and other socialist countries for developing an Africa policy. At the same time, Ghanaian protagonists were experimenting with a variety of modernization projects, economic decisions, and foreign policy concepts. The main goal on the Ghanaian side was fast catch-up development through industrialization.

In the early 1960s, Ghana chose the "socialist path" of development. The Idea of socialism was not new in Ghana. It had existed within the CPP before independence.⁴⁴ But, in the early 1960s, there was a change in the quality (as well as quantity) in the use of the concept of "socialism".⁴⁵ The "socialist path" of development was a complex decision in Ghana, with domestic conflicts and struggles within the ruling party. Socialism in Ghana in the 1960s was understood as part of a bigger modernization endeavour that included industrialization and was closely connected to pan-Africanism.⁴⁶ Postcolonial enthusiasm and close relations to socialist countries, as well as big development ambitions, economic problems, and rising domestic tension led to a considerable dynamism in the socialist experiment in Ghana.

Attempts to implement state socialism in Ghana are often seen to be rooted in the close connections between Ghana and the Soviet Union from 1960 onwards. From this perspective, the Soviet Union functions both as a development partner and a role model.⁴⁷ While sources from Ghanaian archives confirm that close contacts to socialist countries played an important role in developing ideas of a modern socialist society, the story might be more complex. Israel, for instance, was an important role model around 1960, with the Ghana Young Pioneers being modelled after the Israeli rather than the Soviet example.⁴⁸

As part of the modernizing political project in Ghana, socialism was the most influential concept employed by Ghanaian politicians during the first half of the 1960s. But while the Soviet model of a socialist society

44 T. Adamafo, *By Nkrumah's Side: The Labour and the Wounds*, Accra: West Coast Publishing, 1982, pp. 31–35; G. Padmore, "Socialism for Ghana", in: M. Salvatori (ed.), *Modern Socialism*, London: Macmillan, 1968, pp. 368–376.

45 For concepts and aspects of socialism in the Global South see C. Clapham, "The Collapse of Socialist Development in the Third World", in: *Third World Quarterly* 13 (1992), pp.13–25.

46 G. Serra, *From Scattered Data to Ideological Education: Economics, Statistics and the State in Ghana, 1948–1966*, Dissertation, London School of Economics and Political Science 2015, pp. 22–23. <http://etheses.lse.ac.uk/3188/> (accessed 15 November 2017).

47 landola, "Rise and Fall", pp. 694–695; Mazov, *A Distant Front*, pp. 204–205; W.S. Thompson, *Ghana's Foreign Policy, 1957–1966*, Princeton: Princeton University Press, 1969, pp. 292–293.

48 J. Ahlman, *Living with Nkrumaism: Nation, State, and Pan-Africanism in Ghana*, Athens, Ohio: Ohio University Press 2017, p. 91, pp. 96–101; for an overview over early Ghana-Israel relations see Z. Levey, "The Rise and Decline of a Special Relationship: Israel and Ghana, 1957–1966", in: *African Studies Review* 64 (2003) 1.

gained some influence in the early 1960s, it was never the aim of the ruling party to simply follow the Soviet path. The implementation of a one-party state in Ghana in 1964 and attempts at implementing youth organizations, party branches, and centralized control were attempts to deal with rising domestic tension rather than to “Sovietize” Ghana.

As an economic system, socialist planned economy seemed to be a path to rapid development in order to catch up with the “advanced economies”. Centralized planning was by no means a pure “socialist” idea. Planners and consultants from East and West were invited to take part in the ambitious planning of modern, industrialized Ghana.⁴⁹ The famous – if infeasible – Seven Year Plan, launched in 1964, was meant to be the plan for the final industrial take off.⁵⁰ Despite all these efforts, centralized control of trade and finance and the expansion of the state sector in agriculture and industry never completely dominated the Ghanaian economy. This was partly due to the short period of implementation, but, at the same time it was also because the state was too weak to exercise control over the economy.⁵¹ Ghana remained a mixed economy before and after the end of the intense socialist period of the 1960s.

While the ideological ties with socialist countries and the role model hypotheses need closer examination, there is no doubt that economic relations with CMEA countries intensified considerably after 1960. Sources from the Ghana National Archives (PRAAD) reveal that trade was directed to the East as early as in 1961: “The Minister of Finance and trade explained that in order to maintain our balance of payments, the policy now is to direct most of Ghana’s trade to the Eastern European countries, and that is the main reason for the Export and Import control. [...] As far as Ghana Supply Commission is concerned, purchases from Eastern bloc countries will be given priority in order to make the best use of the swing credit that Ghana has obtained from these countries.”⁵²

Another field of close cooperation was the establishment and extension of manufacturing and processing industries. Most of the projects implemented in Ghana with assistance from Socialist countries were state-owned enterprises. Until the end of 1965, there were about 50 of those state-owned enterprises, including factories, farms, trading corporations, hotels, and bakeries. This may not seem like much, but one has to keep in mind the low degree of industrialization in the newly independent country. Furthermore, the list of state-owned enterprises included the big public corporations like Ghana Airways, the State Mining Corporation, and the State Farm Corporation.⁵³ In general, new state enterprises were far larger than private-owned enterprises. Unfortunately they were also far more expensive and less profitable.⁵⁴ In the re-organization and modernization efforts by socialist principles state-owned enterprises played a key role in industrializing the country and diversifying the economy. Thus was the theory. In practical terms most of the state enterprises built with aid from socialist countries were unable to make profit.⁵⁵

3.2 Research Questions and Hypotheses

This study examines economic relations, trade, and technical cooperation between Ghana and CMEA countries. Taking Ghana-Soviet relations as a point of reference, the focus is on “smaller” countries like Czechoslovakia, Hungary, and the GDR.⁵⁶ The negotiation and implementation of contracts and projects, Ghanaian agency and interests, as well as, competition and cooperation of socialist countries in Ghana will be at the

49 T. Killick, *Development Economics in Action: A Study of Economic Policies in Ghana*, New York, Routledge 2010 [1978], pp. 50–51; Serra, *Scattered Data*, p. 24.

50 Killick, *Development Economics*, pp. 147–155; “Seven Year Development Plan”, PRAAD RG 7/1/1875. For an overview over Ghanaian development plans see Serra, *Scattered Data*, pp.182–184.

51 Killick, *Development Economics*, pp. 288–327.

52 “Minutes of the Second Meeting of the Committee for Economic Cooperation with Eastern Countries”, 21 December 1961, PRAAD RG7/1/1672, p.5.

53 R. Hanisch, *Der Handlungsspielraum eines Landes in der Peripherie des Internationalen Systems: Das Beispiel Ghanas*, Saarbrücken: Sozioökonomische Schriften zur Agrarentwicklung 10, 1975, pp. 502–511. The State Farm Corporation for instance maintained 135 farms by 1965.

54 J. D. Esseks, “Economic Policies”, in: D. Austin (ed.), *Politicians and Soldiers in Ghana 1966–1972*, London: Frank Cass and Company Ltd., 1975, pp. 40–41.

55 Serra, *Scattered Data*, p. 209; “Summary of Ghana Economic Surveys” 1964–1967, PRAAD RG 6/1/138.

56 The GDR is a special case. GDR protagonists had an early interest in developing close relations to Ghana because of the Hallstein Doctrine policy of Western Germany. See W. Kilian, *Die Hallstein-Doktrin: Der diplomatische Krieg zwischen der BRD und der DDR 1955–1973*, Berlin: Duncker und Humblot 2001, pp. 67–83.

center. The study follows the emergence of cooperation and networks beyond the end of the socialist honeymoon and the overthrow of the CPP government in 1966, arguing that connections were not interrupted, especially not with the smaller CMEA countries, as is often claimed.⁵⁷ In order to show continuities and discontinuities, the study analyses documents from Ghanaian archives before and after 1966 until the military government of the National Redemption Council took over in 1972.

Because of Ghana's early socialist orientation and its position as the world's largest cocoa producer – a tropical crop all trading partners had demand for – Ghana is the African country in which both competition and cooperation, between the CMEA countries in the 1960s can be investigated best. Focusing on Ghana allows us to examine Cold War economic relations between East and South at an early stage, taking into account "southern" interest and agency.

Some of the questions that lead the study are as follows:

- *How did financial and economic policy, domestic tensions within Ghana, and development aid with "strings attached" from East and West influence economic decisions and cooperation with CMEA countries?*
- *How did trade and cooperation with CMEA countries change after the overthrow of the CPP government at the end of the socialist honeymoon in 1966?*
- *As Sara Lorenzini shows, there were efforts to coordinate aid and trade issues with less developed countries on the CMEA side.⁵⁸ But how did this work in the Ghanaian case? Was there a kind of plan/rationale behind the numerous activities of socialist countries in and with Ghana in the early 1960s or did unilateral national interest shape CMEA countries' negotiations with Ghana?*

The study places economic cooperation between Ghana and CMEA countries within a wider context of bipolar Cold War logics, bloc narratives, and the emergence of East-South and South-South networks within or as an alternative to Cold War logics.

It will show that "southern" agency, often neglected or marginalized in a rather Eurocentric research approach to international relations, did play an important role in defining and shaping spaces of exchange, competition, and cooperation in economic relations between East and South. Especially in these early stages of cooperation, neither the post-Stalinist Soviet Union and the "smaller" CMEA countries nor the post-independence socialist Ghana had a ready-made agenda for establishing and maintaining relations. This led to a dynamism that cannot be fully understood in the context of Cold War bipolar logics but has to be examined against the background of old and new entanglements, economic constraints, overlapping ideologies, and newly emerging transnational networks. In Ghana, concepts of pan-Africanism and non-alignment sometimes dominated external politics, although economic ties bound Ghana to East and West.

It is argued that Ghana in the 1960s has to be seen as an experimental field for different actors from all cardinal directions. East-West Cold War competition did play a role in this field, but it never dominated the scene. Ghana tried to employ a concept called "Positive Neutralism" in order to balance these diverging foreign interests and gain resources for development. Socialism was one possible concept for Ghanaian protagonists and its implementation was controversial within the country.

At the same time, the study will show that actors from socialist countries had their own agendas in establishing economic relations with Ghana, which sometimes differed considerably. It is argued that, at least at the beginning, there was hardly a common strategy of socialist states' involvement in the first postcolonial sub-Saharan state.

57 S. Mazov, *A Distant Front* is an example for this argumentation.

58 S. Lorenzini, "CMEA and the South in the years of Détente. A Study on East-South Economic Relations," in: *European Review of History* 21 (2014), p. 185.

3.3 Levels of Analyses

The study examines the spaces of interaction opened up by intensifying contact between Ghana and CMEA countries after Ghana gained independence in 1957. Economic cooperation was the main field of cooperation that followed the politically and ideologically motivated establishment of this contact. The study examines the wave of (mainly bilateral) trade and cooperation contracts between Ghana and socialist countries during the first half of the 1960s. It evaluates the relevance of the trade relations that followed these contracts. Further, the study investigates technical cooperation as an important part of economic relations. On a fourth level, the institutionalization of bilateralisms and attempts to establish multilateral relations are investigated.

Negotiation and implementation of contracts

The extensive negotiations of the bilateral trade, credit, and cooperation agreements with the socialist countries and their implementation in the 1960s are examined. A special focus is on the so-called “scientific-technical cooperation”. Financial support and technical assistance in projects and training of specialized personnel for the individual projects – ranging from meat factories to nuclear reactors, made up a considerable part of relations with the socialist countries. Since these services were usually paid for with raw materials, these contracts were closely linked to trade relations.⁵⁹ In the Ghanaian case this mainly means the cocoa trade. Contract negotiations and renegotiations are to be contextualized, compared, and evaluated against the backdrop of political upheavals, economic changes, and international shifts in power. The main focus here is not primarily on the contracts but on negotiating processes and negotiators.

Relevance and structure of trade

During the 1960s and following the above mentioned signing of contracts, CMEA countries became important trading partners for Ghana. Exports to CMEA countries (and China) formed 7.2 per cent of Ghanaian exports in 1960. In 1965, exports to the CMEA rose to 21.3 per cent of total Ghanaian exports. Imports from socialist countries rose from 16 per cent of total imports in 1961 to 26 per cent in 1965.⁶⁰ After the overthrow of Nkrumah and the CPP, the import volume declined to 16.3 per cent but was stable again at one-fifth to one-quarter of total exports during the 1970s.⁶¹ But these quantitative aspects do not show the whole picture. Economic relations with socialist countries were meant to diversify options for the Ghanaian side and to avoid dependency on the world market and western aid and influence.⁶² The study will therefore investigate trade agreements and evaluate the importance of East-South trade for the Ghanaian economy and development plans. Since cocoa was important for barter trade and repayment of credits to CMEA countries, one focus will be on the cocoa trade.

Planning and implementation of technical cooperation

Numerous infrastructural, agricultural, and industrial projects were negotiated in contracts with all CMEA countries, but few were accomplished. Many of them were under construction when the CPP government was overthrown in 1966. The study gives an overview of these projects and puts them into context. In many cases, these projects were integrated industries for the production and processing of agricultural products. Using the example of cooperation between Ghana and Czechoslovakia in the construction of a state sugar cane farm and a sugar refinery, it will be demonstrated how these concrete places of cooperation functioned and which problems were to be solved (or remained unsolved).

59 Sanchez-Sibony, *Red Globalisation*, pp. 140–141.

60 R. Hanisch, *Der Handlungsspielraum*, pp. 570, 590.

61 M. M. Huq, *The Economy of Ghana: The First 25 Years after Independence*, London: Macmillan, 1989, p. 208.

62 For a critical reflection on the dominance of qualitative aspects in the scientific debate about East-West-South economic relations during the Cold war see P. Gutmann, “West-östliche Wirtschaftskooperationen in der Dritten Welt”, in: B. Greiner et al. (eds.), *Ökonomie im Kalten Krieg*, pp. 396–397.

Institutionalization and regulation of trade and cooperation

The stages of institutionalization on the Ghanaian side show several attempts to regulate the space opened up by the willingness of socialist countries to establish closer economic relations and cooperation. After an enthusiastic and rather chaotic period of signing contracts and entering into commitments with Eastern European countries, a Committee for Economic Cooperation with Eastern [European] Countries (CECEC) was established in 1961. Its task was to coordinate economic relations with CMEA states.⁶³ The establishment of this committee shows the relevance of cooperation with the East. Apart from a special committee for cooperation with Israel (CECI), there were no further committees for cooperation with other countries. The CECI was integrated into the CECEC in 1962. There is some evidence that this was no coincidence, but part of the plan to focus economic relations on socialist countries. Further evaluation of findings from Ghanaian archives will show how new concepts of African state socialism were manifested in this institutionalization.

3.4 Interim Findings

For the Ghanaian side, the aim of all the efforts to negotiate with the East (as well as with the West) was “development”. Development is a broad term often used in the colonial as well as postcolonial context in Africa. In the Ghanaian case – and from the point of view of Ghanaian protagonists – it mostly meant what Fred Cooper describes as a rather “[...] down-to-earth aspiration”, with access for the population to clean water, food, schools, medical services, and consumer goods.⁶⁴ These development aims were to be reached by modernization through industrialization. Centralized planning, the establishment of state-owned farms and enterprises, and the organization of commissions and committees followed these development logics. Ghana was primarily concerned with not only building a manufacturing industry in order to supply the population and produce for the African market but also to reduce dependence on the world market price for raw materials and on imported consumer goods.

Ghana was the largest producer of cocoa and, as a commodity-exporting country, depended heavily on the world market price of cocoa. By diversifying domestic production, Ghanaian economists hoped to reduce this dependency. At least in the early and mid-sixties, the socialist countries of Eastern Europe, the Soviet Union, and China seemed to be the ideal partners for that. Ghanaians hoped to get “aid without strings attached” on equal terms. A fall in the world market price for cocoa was crucial for the deepening economic crisis in Ghana during the mid and late 1960s. Ghana’s minister of finance tried to negotiate more favourable terms of trade and higher purchasing quantities of cocoa with socialist countries in 1964.⁶⁵ Although some CMEA countries applied in the affirmative to this request, the financial and economic crisis in Ghana still deepened.

Relations with CMEA countries developed in parallel with Soviet-Ghanaian relations. Contracts with some CMEA countries (e.d., Hungary or Czechoslovakia) were negotiated and concluded at an early stage, before 1960 and before contracts with the Soviet Union. In the beginning there seems to have been no steering or controlling of the negotiation and implementation of contracts and development projects on the Ghanaian side. As a result of this rather uncoordinated policy, there were a lot of overlaps between contracts as well as invalid or impossible clauses in the various agreements. In many cases, the negotiated contracts were ill-conceived and most of the planned projects were unaffordable for Ghana. This caused not only misunderstandings and, in some cases, chaos but also contributed to the deepening economic crisis of the mid-1960s, for Ghana could not afford to fulfil its commitments but was forced to do so. After 1962, there were many attempts on the Ghanaian side to renegotiate contracts in order to avoid payments in convertible currency or to get factories on a turnkey basis instead of build to order. Records of these renegotiations show that socialist countries, responses to Ghanaian demands varied considerably.

The formalization and institutionalization processes of economic relations with the East were under way when the CPP government was overthrown in early 1966. Trade relations were not cut in general, but most projects under technical cooperation agreements were interrupted or cancelled by the military government

63 Committee for Economic Co-operation with Eastern Countries “Minutes”, 1961–1963, PRAAD RG7/1/1672.

64 F. Cooper, *Africa since 1940: The Past of the Present*, New York: Cambridge University Press, 2002, p. 91.

65 “Financial Policy”, 1966, PRAAD RG 6/1/128.

of the National Liberation Council (NLC, 1966–1969) and the following civil government under Prime Minister Kofi Busua (1969–1972). Some of these projects were reconsidered or completed when relations to CMEA countries gained relative importance again in the early 1970s after a socialist military regime under General Ignatius Acheampong took over in January 1972. To what extent the Ghanaian economic performance and development strategies were affected by these projects after Nkrumah is yet to be examined.

While we do not know what a longer period of intense cooperation between Ghana and the CMEA would have meant for the Ghanaian economy, examining the processes of negotiation and institutionalization of this cooperation allows us to gain insight into an early Cold War economic East-South encounter in Africa and its implementation on the spot.

4 European CMEA Countries and the Concept, of the New International Economic Order

4.1 Overview

In a broader sense, the research topic concerns itself with the various East-South entanglements within the geopolitical context of the Global Cold War and raises the question of how and why Eastern Bloc states (especially Hungary) opened towards the decolonizing states and what kind of scientific activities stimulated, or rather bolstered, these processes. In order to answer these questions, the research particularly focuses on the Centre for Afro-Asian Research of the Hungarian Academy of Sciences (CAAR) and on its successor, the Institute for World Economics (IWE), two institutions that were of the utmost importance in forging relations with the Global South. In addition, these institutions gained a reputation over the years as being a major hub of developmental thinking within the Socialist Bloc.⁶⁶ By providing substantial added value to the global understanding of development problems in post-colonial countries, the contributions of both institutes are exemplary of the upsurge of profound Hungarian scholarship on the problems of developing countries, which seems not to have survived the transition period of the 1990s, yet their legacies have been bubbling up in certain ways up until now. Moreover, thanks to József Bognár, the internationally well-known director of these institutes who maintained very good relations with the highest political circles (and particularly with János Kádár, the secretary general of the state party), the IWE became a relatively autonomous research center that could – within a certain, though very generous margin – also confront party orthodoxy.⁶⁷ Although the IWE represented the heyday of Hungarian scholarship on the world economy, only a handful of studies have as yet touched upon the work of the IWE and a grounded inquiry has never been conducted on this particular institute. Therefore, on the one hand, this research tries to assess the impact of this particular research unit on analysis of developing countries. On the other hand, the research pays special attention to one of the most important United Nations initiatives of the 1970s, namely the so-called New International Economic Order (NIEO), which aimed at restructuring the global economy in order to make it more advantageous not only for the developing but – at least it was hoped – also for the socialist countries.⁶⁸ Since it was a more or less common perception within socialist academic circles that the existing conditions imposed on the

66 In the case of Hungary, the professionalization and internationalization of Hungarian development economics got considerable momentum after the “Hungarian question” was abandoned at the United Nations, resulting in a substantial intensification in relations with the Western as well as the developing world. In 1963, József Bognár, an extremely versatile economist of the socialist era who had just returned from Ghana, grabbed the opportunity to establish a research centre in 1963. For more about these institutes see: A. Inotai, *A Világgazdasági Kutatóintézet*, Budapest: Magyar Tudományos Akadémia, 2000.

67 Although under the political shield of Professor Bognár, the collective of the Institute could enjoy a relatively huge academic freedom, it was, however, not always possible to break through party ideology. An illustrative example is the case of Tamás Szentes, who after having participated in a seminar together with i.a. Gunder Frank, Immanuel Wallerstein and Giovanni Arrighi at the short-lived Max Planck Institute in Starnberg in 1974, was not allowed to publish his paper on global disparities in a leading Hungarian social science journal, namely in the *Társadalmi Szemle* (Social Science Journal), because of ideological reasons. (At that time, the Hungarian Socialist Workers’ Party issued the journal and the editor in chief was a genuine hard-liner, Valéria Benke.)

68 See e.g., J. Bognár, “New forces and currents in the international economy”, in: *Studies on developing countries*, 83 (1975), p. 5.; M. Simai, *The NIEO and the CMEA*, Discussion paper for the Spaces of Interaction Conference 2017, p. 2.

whole world economy and regulated by the Western countries put not only the developing, but the socialist countries at a disadvantage, expectations were high for the anticipated results of the NIEO. Therefore, it is not surprising that a Hungarian expert of the time, Miklós Losoncz, described it as follows: „It can hardly be disputed that the [n]ew [i]nternational [e]conomic [o]rder is among the most important international economic and political issues of our days.”⁶⁹

Although the Council for Mutual Economic Assistance (CMEA) – as in many other cases – had not managed to have a common strategy vis-à-vis the NIEO, in Budapest – where the further integration of the CMEA (hallmarked e.g., by the Comprehensive Program of 1971)⁷⁰ was considered to be an insufficient effort to revitalize the centrally planned economies – the concept was nevertheless considered to be a serious opportunity to open-up the centrally planned economy of the country towards the developing countries and it was thus perceived as a serious chance to wrest control over the country’s own economic interest.⁷¹ Not surprisingly, therefore, several Hungarian reform economists (who were previously engaged with the New Economic Mechanism)⁷² contributed significantly to the development of the project. Despite the abundant archival materials (both in Hungary and in the related UN archives), the Hungarian contribution to the NIEO has not yet been properly assessed by economic historians either in Hungary or elsewhere. While only scratching the surface, our interpretation of the Hungarian engagement in this particular reform initiative constitutes the focus of the following chapter⁷³

4.2 The Core Idea and Basic Questions of the Research

In his paper entitled “The CMEA Attitude to the New International Economic Order”, the former director of the East European Institute of the Free University of Berlin, Peter Knirsch, argued that the East European members of the Council for Mutual Economic Assistance (CMEA) gave the impression that they would preferably avoid all active participation in the reform of the international economic order and, in addition, this passive stance is conspicuously striking when concrete issues required decisions.⁷⁴ Indeed, particularly in the early stage of the debates concerning the NIEO, the attitude of the bloc countries and of the Soviet Union in particular was ambiguous.⁷⁵ Hence, while the socialist countries could not dissociate themselves from the demands of the developing world in the global political struggles, they simultaneously wanted to emphasize that no automatic support of the goals and policies of the NIEO was possible.⁷⁶ Yet, in the following pages, it will be argued that the reality was rather more subtle than it was depicted by Knirsch. In fact, economists from various CMEA countries were actively involved in discussions concerned with the NIEO, an idea that perfectly dovetailed with their goal of opening up the centrally planned economies of their respective countries. Hence, this paper primarily focuses on the concept of the NIEO by pointing out the diverging agendas within the CMEA in regard to this concept, and to a lesser extent by assessing the Hungarian efforts to make this project successful.

69 M. Losoncz, “Eastern Europe and the New International Economic Order: Review”, *Acta Oeconomica* 25 (1980) 21, p. 95.

70 More about the Comprehensive Program (or as it is often referred, the Complex Program) see e.g., A. Zwass, *The Council for Mutual Economic Assistance: The Thorny Path from Political to Economic Integration*, New York: M. E. Sharpe, 1989, pp. 80-87.

71 The question how to open-up the CMEA had been a topic of Hungarian economist for a long time. Hungarian economists, for instance, played a pioneering role in developing theories how to pursue successful economic policies as a small country by having an export-oriented policy and by promoting competitiveness. For more see B. Kádár, *Kis országok a világgazdaságban*, Budapest 1971; Id., *Szerkezeti változások a világgazdaságban*, Budapest: Közgazdasági és Jogi Könyvkiadó, 1979; and F. Kozma, *A nyitott szerkezetű gazdaság*, Budapest 1980.

72 The New Economic Mechanism (NEM) was a major economic reform that, despite its curtailment by the Soviets after a four-year “experiment” in 1972, shaped Hungary’s economic system until the 1980s and led to the emergence of the so-called “Goulash” or “Refrigerator Socialism”. Interestingly enough similar economic goals seem to be pursued as with the NIEO as with the NEM that is even more striking if we take the personal entanglements into consideration (Bognár, e.g., was involved in the development of both reform initiatives).

73 Although contemporaries abundantly reflected on their work concerning the NIEO, the author of this chapter could only name one contribution, namely the paper of Mihály Simai that partially assessed the importance of the NIEO from a Hungarian point of view. M. Simai, *Revisiting NIEO, and the related problems in the North-East-South policies of the 1970s*, in: *Challenges* 228. (2018), pp. 1–14.

74 P. Knirsch, “The CMEA attitude to a New Economic Order”, in: *Intereconomics*, 13 (1978) 5–6, pp. 103–108.

75 Cf. Knirsch with L. Zurawicki, “The new international economic order: a view from the socialist corner”, in: *Intereconomics* 17 (1982) 2, pp. 91–96.

76 M. Simai, *Revisiting NIEO*, p. 3.

In order to get a better understanding of how Hungary related to the NIEO and to assess whether or not the Hungarian contribution was exceptional, the following (basic) questions have been prepared:

- *What opportunities were there for Hungary to harmonize its activities and strategies towards the developing countries? More specifically, why (if at all) was Hungary reliant upon these countries? (Periphery – semi-periphery relations)*
- *Is the NIEO a serious opportunity for Hungary to loosen the Soviet-imposed economic institutions and to initiate an opening-up of the country's economy?*
- *To what extent was the active Hungarian involvement in the debates around the NIEO related to certain domestic trajectories and dynamics? More specifically, was the NIEO perceived as a "bonus chance" to restructure the Hungarian economy after the reformist interlude of the New Economic Mechanism?*
- *How can the Hungarian NIEO engagement (and the initiative as such) be interpreted from a spatial point of view? More specifically, by blurring the borders of the dominant spatial formats of the Cold War, what kind of new spatialities related to the NIEO in fact emerged and what kind of new possible formats were envisaged by this group of Hungarian economists?*

4.3 Chances to Turn the Tide in Global Economy

During and shortly after the Second World War, a new liberal readjustment of international economic relations emerged under the hegemony of the developed countries. These core countries fashioned an international economic system based on three principal institutions: the International Monetary Fund, the International Bank for Reconstruction and Development, and the General Agreement on Tariffs and Trade. At the same time, this Western-imposed "colonist-type division of labour" and its consequence, the growing inequalities in the world economy, started to cause increasing political and economic concern in national and international bodies.⁷⁷ The discussion, on global economic disparities gradually reached a stage in the 1960s and 1970s that featured divergent ideas striving to become the frame of reference for determining how the inequalities should be defeated. The prophecy that Walt W. Rostow laid out in his well-known book – namely that "all peoples of the globe together sail the same voyage are bound to the same destination"⁷⁸ – turned out to be a misunderstanding of global development processes. "The widening gap between the developed and developing countries", in the words of the Pearson Commission on International Development, "has become a central issue of our time."⁷⁹ In order to tackle these problems, several conferences, commission, and intergovernmental and UN bodies (UNCTAD, UNIDO) came into existence, aiming at fostering trade, investment, and development opportunities for the developing countries in order to "assist them in their efforts to integrate into the world economy on an equitable basis."⁸⁰ In the field of the sciences and among economists in particular, a mushrooming number of global models were published regarding the future of the world economy and a "crusade" was announced against inequalities.⁸¹ Meanwhile, moral appeals to the whole world population

77 J. Bognár: Az "új gazdasági világrend" jelentősége korunk világgazdasági áramlataiban. in: J. Bognár (ed.) *Tanulmányok a gazdasági világrendről*. Budapest 1981. p. 8.

78 W.W. Rostow, *Stages of Economic Growth: A Non-Communist Manifesto*, Cambridge 1960, p. 185.

79 *Partners in Development*, Report of the (Pearson) Commission on International Development, 1970, p. 3. The Commission, led by the former Canadian Prime Minister Lester Bowles Pearson, investigated the effectiveness of the World Bank's development assistance in the 20 years to 1968 and made policy recommendations for future operation of the organization.

80 UNCTAD mission statement. Retrieved from: http://unctad.org/en/Docs/edmmisc17rev1_en.pdf (Accessed on 04.03.2018). <http://unctad.org/en/Docs/poedmd117.en.pdf>

81 Based on different theoretical assumptions they sought to find the connection with the cardinal socio-economic and international problems which humanity is to face at the second half of the 20th century. The Bariloche model, developed by Latin American researchers; the Input-output model of W. Leontief as well as the Club of Rome related projects like the Strategy of Survival study by M. Mesarovic and E. Pestel and to a lesser extent the Limits to Growth study of the MIT collective are relatively well-known examples of these efforts. For more see: B. G. Hickman (ed.), *Global International Economic Models*, Amsterdam: Nijhoff, 1983.

were made and the rising global economic concerns triggered certain circles of society (and the church in particular) to develop solutions that would properly resonate with these kinds of problems.⁸²

Contrasting views between those who advocated state-controlled economic planning and those who promoted market-driven solutions in which private enterprises would play a decisive role had been clashing from very early on and remained the dividing line in discussions concerned with long-term development issues.⁸³ Apparently, when President Kennedy launched the first United Nations Development Decade in 1961 – the ultimate goal of which was to help low-income countries to achieve “development” – the planning scenario received support from a rather unexpected direction. Nevertheless, UN policy makers quickly came to realize that the allocated time span of the project would not be sufficient to realize any of these ambitious goals. Therefore – based on the report of the Dutch Nobel Prize winner, Jan Tinbergen – even more serious efforts began to be planned in the late 1960s, which eventually led to the introduction of the Second Development Decade.⁸⁴ Sticking with the same conceptual assumptions, during the Second Decade, the necessity of economic planning gained even broader support an international level.⁸⁵ Stressing the need to establish a new global order to achieve fairness and equality for all the countries of the world, developing countries included, the aforementioned transnational governance reform initiative of the New International Economic Order was one of the efforts during the Second Decade aimed at mitigating the consequences of global economic distortions.⁸⁶ Nevertheless, the initiators of this idea touched not exclusively on economic issues (sovereignty over natural resources, price indexation, multilateral trade negotiations, questions of transfer of technology, etc.), but also seriously considered political affairs (apartheid, neo-colonialism, etc.).⁸⁷

In a parallel political development, after the collapse of the colonial empires, the newly established (or re-surgent) states – a diverse group that had become increasingly dissatisfied with the “old established forces”, to use the term of Sukarno, that shaped and controlled their economies and at the same time excluded them from management – began to make vocal demands.⁸⁸ These demands, which can be traced back at least to the Afro-Asian Conference held in Bandung, found their way to the different organizations and fora of the UN, where – unlike in the Bretton Woods institutions, in which voting was weighted heavily in favor of industrial countries – each country has an equal vote. Benjamin Bret, who did extensive research on this topic, summarized it as follows: “Flushed with enthusiasm from the wave of decolonizing independence movements throughout Asia and Africa, the new leaders from across the Global South turned to the United Nations as a site where a new kind of internationalism might emerge.”⁸⁹ Simultaneously, these countries managed to accumulate a great deal of political power and economic potential through organizations like the Non-Aligned Movement (NAM) or the Organization of the Petroleum Exporting Countries (OPEC). When events began to unfold shortly after the oil crises of 1973, the developed countries thus quickly had come to realize the fact that, due to its alliance with OPEC, the Third World had come to enjoy a considerable increase in bargaining power.⁹⁰

82 See e.g., the notions coming from different denominations like of the responsible society developed by Visser ‘t Hooft, the president of the World Alliance of Churches or the “Development is the new Name of Peace” notion of Pope Paul VI.

83 For more see Simai, *The NIEO and the CMEA*, p. 3.

84 Social-democratic circles were especially active in waving ideas how to tackle the existing global inequalities. Professor Tinbergen, member of the Dutch social-democratic party, the Partij van de Arbeid, considered the end of the 1960s as a great chance to substantially contribute to the future development of the world and, backed by the secretary general of the Socialist International (SI), Hans Janitschek, he proposed a working group on these issues within the SI. Two years later, a similar initiative got realized when the SI launched the so-called Study Group on Socialist Strategy for the Third World, where associated parties could delegate their committed members. For more see C. Salm, *Transnational Socialist Networks in the 1970s: European Community Development Aid and Southern Enlargement*, New York, 2016, pp. 55-70.

85 G. Koehler, “Seven decades of “development” and what now?” in: *Journal of International Development*, 27 (2015), pp. 733–751.

86 The term New International Economic Order was initially coined by the famous Argentinian economist, Raúl Prebisch already in 1963 and became widespread used after the UNCTAD I. The Conference was held in the consecutive year in Geneva.

87 For more detailed information about the framework of the NIEO see e.g., J. N. Bhagwati (ed.), *The New International Economic Order: The North-South Debate*, MIT Press, 1977; H. W. Singer, “The New International Economic Order: An Overview”, in: *Journal of Modern African Studies*, 16 (1978) 4, pp. 539–48.; or the current contribution provided by J. Bockmann, “Socialist Globalization against Capitalist Neocolonialism: The Economic Ideas behind the New International Economic Order”, in: *Humanity* 6 (2015) 1, pp. 109–128.

88 A. Tansoo, *New International Economic Order and International Economic Laws*, 1979, retrieved from: <http://hdl.handle.net/2115/16274> (Accessed on 19.02.2018).

89 B. Bret, “Bookend to Bandung: The New International Economic Order and the Antinomies of the Bandung Era” in: *Humanity* 6 (2015) 1, p.15.

90 Simai, *Revisiting NIEO*, p. 5.

Being conscious of their temporary power, in 1973, the Algiers Non-Aligned Summit called for a New International Economic Order and demanded that a special session of the UN General Assembly be summoned in order to discuss a potentially new and more balanced world order. Eventually, the UN General Assembly's Sixth Special Session in 1974 – a highly confrontational debate dominated by radical spokespersons of the Third World – passed the ambitious Declaration for the Establishment of a New International Economic Order which called for major changes to reduce inherent inequalities in the existing international economic order.⁹¹ From this point on, the North-South dialogue gained considerable momentum. In 1977, there was a North-South negotiation in Paris in which the developed countries agreed to provide additional aid for the development of developing nations. In the same year, a commission (formally called the Independent Commission on International Economic Issues) led by Willy Brandt, the chancellor of the German Federal Republic, was set up to discuss the issues of international economic development.⁹²

As a concise working definition, the NIEO could be described as a series of proposals for reforms to the structure, governance, and norms of the global economy. Relying primarily on anticolonialism and dependency theory, it was designed to improve the position of the so-called developing states. Inter alia, a new international monetary and financial system was imagined to replace the IMF and provide capital for Third World development through the creation of a Bank of the Developing Countries, as well as a proposed debt moratorium for the least developed countries, whose outstanding debts made economic development impossible.⁹³

In her book, "The IMF in the Changing World", Margharet G. de Vries summarized the overall situation of the world economy by the end of the 1970s, noting the general expectation at the time: "Whereas the quarter century from 1945 to 1970 had been 'The Age of Growth' the next quarter century at least as of 1979 seemed to be evolving as 'The Age of Equality'."⁹⁴ The Baumanian optimism that rich and poor could sit at the same (distributive) table, however, came to be replaced by the complete paralysis of this global development. The efforts to establish economic relations "on the basis of justice and equality" became a forgotten interlude. In spite of the coincidence of the interest of the socialist and developing countries in many of the demands for the NIEO, they did not have the necessary capability and readiness to provide sufficient and concrete support. While the Western states were in relative disarray (as some Western politicians still argued for a more accommodating engagement with the developing countries), after the victory of Margaret Thatcher and Ronald Reagan, the political balance of power shifted definitively towards a neoliberal agenda.⁹⁵ Structural adjustment, financial austerity, privatizations, and global economic integration urged by the World Bank and IMF became the dominant leitmotifs of the real new international economic order (as Mark Mazower often refers to it) of the coming decades.⁹⁶ Although it was commonly assumed that the idea of the NIEO totally disappeared and evidence of the phase vanished even from the UN documents, in fact, the spirit and the principles continued to affect concepts aiming to reform the economic order. In UN documents, for instance, it is striking how often the concept and the term were used until the end of the Kofi Anan-era.

91 The NIEO declaration was accompanied by a program of action and by the Charter of Economic Rights and Duties of States. These three documents meant to forge discussion between the northern and southern hemisphere, nevertheless they were, on the one hand, too declaratory and, on the other hand, from a legal perspective they were not binding.

92 I. F. I. Shihata, "The North-South Dialogue Revisited Some Personal Reflections", in: *Third World Quarterly*, 5 (1983) 3, p. 570.

93 Not so long ago, the former Labour member of the parliament for Vauxhall Stuart Holland and the former Greek Minister of Finance, Janis Varoufakis advocated a very similar solution in order to tackle the Euro Crisis ("A modest Proposal for Resolving the Eurozone Crises"). Although, it seems to be a distant association, it is clear that in this document they are (consciously or unconsciously) playing on a register which is highly influenced by some principles of the NIEO.

94 M. G. de Vries, *The IMF in a Changing World, 1945–1985*, Washington DC, 1986, p. 156.

95 It should be however noted that the vision of multilateralism and long-term structural change, as embedded in the Declaration and Programme of Action on the Establishment of a New International Economic Order, was attacked from the very beginning by western states long before the International Meeting on Cooperation and Development (North-South Summit), held in Cancun, in 1984, when the President of the United States, Ronald Reagan, unilaterally declared end of the era of the NIEO. It is also striking how hostile the British and American mainstream media was with the whole concept and in particular, with the so-called "Schwoebel Project" that attempted to provide general publicity for the negotiations of NIEO. As the socialist countries concerned, two journals participated in the project of the foreign editor of *Le Monde*, namely the *Życie Warszawy* and the *Magyar Nemzet* from Poland and Hungary, respectively. More about the project see: C.R.W. Dietrich, *Oil Revolution: Anti-Colonial Elites, Sovereign Rights, and the Economic Culture of Decolonization*, Cambridge, 2017, pp. 313–315.

96 M. Mazower, *Governing the World: The History of an Idea, 1815 to the Present*, London: Penguin Books, 2012, pp. 343–377.

4.4 Tentative Efforts for Integrating Hungary into the World Economy

Since the basic principles and aims of the developing countries were considered to be identical with, or close to, its own position and strategic objectives, the Soviet Union and, later on, the rest of the Soviet Bloc supported their efforts. Moreover, it is worthy to note that within the framework of the CMEA there had been a special problem commission focusing mainly on the internal social, political, and economic changes in the developing countries.⁹⁷ During the committee meetings issues like the feasibility of the non-capitalist path of development (which was a popular notion among socialist researchers) in the developing countries, the classification of these states according to their social and economic structure, or the various forms of dependencies which seriously impacted their economies were intensively discussed.⁹⁸ On the other hand, socialist researchers firmly believed that the good practices of the socialist countries could be utilized in many of these countries without major changes and, by implementing these visions/models, Third World countries could move towards planned socialist development without experiencing any dramatic rupture in their international relations.⁹⁹ Moreover, it was expected that the results and the successes of such an economic world program “may convince the peoples of the world ... that the socialist economy is not only able to eliminate the faults and weaknesses of capitalism, but it also can open up new possibilities of economic cooperation and development for humanity”.¹⁰⁰ Hence, it was hoped that strategies of growth with a method differing from Western models would be popular among the economists and politicians of the developing countries. In Hungary, for instance, there was a certain conviction that the experiences of the country in economic planning could be de facto utilized without any serious changes in many developing countries and their implementation would enable them to transform their mono-cultural economies into diversified and self-reliant ones.¹⁰¹

This kind of positive approach towards the developing countries, however, did not mean any automatic support for the concept of the NIEO. Yet, some important factors emerged in the course of time that contributed to certain changes in Soviet policies. Most importantly, Soviet academicians and advisers warned policy makers that the increasing isolation from the mainstream of the Third World states could lead to a major decrease in Soviet influence within the international arena, meaning also that the clients of the Soviet Union would seek other alliances. Eventually, however, the NIEO program received an official, though conditional and very general, endorsement by the Soviet government.¹⁰² This positive approach towards the developing countries became even more tangible during the UNCTAD IV conference, held in Nairobi in 1976, when the joint statement of the socialist countries expressed support for Third World countries having a socialist, or at least anti-Western, affiliation.¹⁰³ Yet, although the statement (containing a number of practical suggestions regarding scientific-technical cooperation) received positive feedback from various Third World countries, a considerable number of critical remarks (the unsustainability of the barter system, pricy and unreliable industrial goods, the inequality in bilateral relations, etc.) were also formulated.¹⁰⁴

In addition, despite the change in the Soviet attitude, the socialist bloc as a whole could not manage to develop a common strategy in the 1970s on the issues and policies related to the developing countries. Apparently, it became more and more clear that Soviet and East European interests did not just not coincide in this specific case but, in fact, were rather divergent. This fracture became even more salient after a clear

97 The Soviet Arabist, Yevgeny Primakov, chaired the commission and the Hungarian members were József Bognár and his deputy at the IWE, Mihály Simai. Interview with Mihály Simai. 05.03.2017, Budapest.

98 Simai: Revisiting NIEO, p.7.

99 E. Kemenes, “Hungarian research work relating to the developing countries”, in: *Acta Oeconomica* 2 (1967) 3, p. 260.

100 I. Dobozi, “Economic cooperation between socialist and developing countries: Proceedings of the UNCTAD seminar economic cooperation between socialist countries of Eastern Europe and the developing countries, held in Budapest, March 6–10 Budapest 1978”, in: *Trends in world economy*, 25 (1978), p. 25.

101 J. Bognár, “Science and Its Application in Developing Countries”, in: *New Hungarian Quarterly* 4 (1963) 11, pp. 17–18.

102 M. Simai, Revisiting NIEO, p. 9.

103 „The socialist countries wish to express [...] their willingness to support all the provisions [...] which are anti-monopolistic in nature and reflect the developing countries’ lawful aspirations to achieve the restructuring of the inequitable economic relations existing within the world capitalist economy.” Proceedings of the United Nations Conference on Trade and Development, Joint Statement by Socialist Countries. Retrieved from: http://unctad.org/en/Docs/td218vol1_en.pdf (Accessed on 05-03-2018). Cf. with S. Lorenzini, „Comecon and the South in the years of détente: a study on East–South economic relations”, in: *European Review of History: Revue européenne d’histoire*, 21 (2014) 2, p 190.

104 B. S. Fomin, The New International Economic Order as viewed from the CMEA countries, in: E. László, J. Kurtzmann, (eds.), *Eastern Europe and the New International Economic Order: Representative Samples of Socialist Perspectives*, Pergamon, 1982, pp. 12–18.

Soviet standpoint was developed.¹⁰⁵ As most of these issues were not discussed in print (or exclusively in a language that was understood only by a few) and the emphasis was often on the common interests of the bloc as a whole, it is not easy to detect the main bones of contention.

Nevertheless, Hungarian researchers, who firmly believed in the necessity and the feasibility of reforming the economic system, criticized many of the views the Soviet Union presented on behalf of the bloc and they lambasted the deficitarian understanding of processes of economic integration and the disappointing relations between the “Second” and “Third” worlds. It is believed, that the Institute for World Economics was one of the few institutions (if not the only one) within the bloc that sought to counterbalance the Soviet interests and thus to provide an alternative, more realistic understanding upon which CMEA-Third World relations could be based. In their understanding, the Soviet recommendations – consisting mainly political catchwords (e. g. the equality of partners) – were just empty phrases offering no long-term solutions.¹⁰⁶

While the Soviets had sought to push the NIEO agenda towards their own foreign policy interests (e. g., disarmament), within Hungarian circles the reform was considered an economic opportunity that, on the one hand, could lead to the birth of a new world trade regime more “sensible” for the needs of the CMEA and, on the other hand, was a serious chance to open up the centrally-planned economy of the country towards the developing countries.¹⁰⁷ Therefore, and despite their official support in various international fora, in academic encounters, Hungarians not only questioned the correctness and the applicability of any Soviet-dictated responses but, more importantly, also sketched proposals for how to extricate the country from the untenable position the Soviet Union (which was among the CMEA states the least dependent upon trade with the outside world) imposed on it.¹⁰⁸ Striving for the opening-up of the centrally planned economies and for participation in the world market, these Hungarian suggestions were thus prompted, on the one hand, by the real economic needs of the country and, on the other hand, by the desire to lessen dependence on and integration with the Soviet Union.¹⁰⁹ Accurately portraying the situation and the internal tensions, when a “non-Soviet concept” was clearly articulated at a joint meeting of the above mentioned special problem commission, it was not well received by the Soviet delegates, who “were in the habit of thinking about a more inward oriented strategy on both the domestic and CMEA levels.”¹¹⁰

The core of this disagreement lies in the differences between the Hungarian and Soviet understandings of global economic realities. Whereas the Hungarian researchers argued that there is only one world market (and, consequently, a separate or distinct “socialist world market” could not / does not exist) and all strategies and actions must be based on this fact, their Soviet counterparts opposed this understanding.¹¹¹ According to Bognár, the right solutions to all of our fundamental questions are primarily depending on the country’s capability and efficiency to adaptation to the world economic conditionality.¹¹² The director of the IWE was probably the first CMEA scientist who also recognized that an epochal economic change was very much underway in the early 1970s and, without building resilience, these long-term structural changes could seriously affect the centrally planned economies.¹¹³ Unfortunately, his recognition was not really accepted by the Hungarian decision-makers and this kind of ignorance would play an important role in Hungary’s massive indebtedness to western institutions.¹¹⁴

After drawing attention to the new possibilities created by the NIEO, Hungarian researchers, however, also pointed out the major pitfalls and the different weaknesses that could derail the respective implementation policies.¹¹⁵ For instance, although the NIEO-related policy papers stressed and admonished the ex-

105 E.K. Valkenier, *The Soviet Union and the Third World: An Economic Bind*, New York: Praeger, 1983, p. 43.

106 M. Simai, *Revisiting the NIEO*, pp. 8–9 and interview with Mihály Simai, 05.03.2018., Budapest.

107 Interview with András Inotai, 27.03.2017, Budapest.

108 For the sake of completeness, it should be noted, that Hungary was not the only country opposing with the Soviet standpoint and striving for a more acceptable one that reflect more on the needs of the East-European countries. In 1979, for instance, a Polish economist, Marian Paszynski delivered a speech he also demanded the opening-up of the centrally planned economies. Valkenier, *Soviet Union and the Third World*, p. 49.

109 Cf. with J. Bockmann, *Socialist Globalization against Capitalist Neocolonialism*, pp. 109–128.

110 Valkenier, *Soviet Union and the Third World*, p. 37.

111 M. Simai, *A fejlődő országok és a gazdasági dekolonizáció*, Budapest: Kossuth Könyvkiadó, 1981, p. 23.

112 J. Bognár, “A new era in the world economy and the Hungarian foreign strategy”, in: *Acta Oeconomica*, 17 (1976) 3–4, pp. 227–243.

113 Interview with Mihály Simai, 05.03.2017, Budapest.

114 I. Kőrösi, “Bognár József akadémikus tudományos munkássága és szellemi öröksége”, in: *Közgazdasági Szemle*, 64 (2017), p. 551.

115 M. Simai: *Revisiting the NIEO*, p. 9.

ternal forces assuming that the role of these factors is absolute, "reality does not verify any of such biased, one-sided explanations."¹¹⁶ Tamás Szentes, an acknowledged professor and a senior researcher of the IWE who gained international reputation for his study on underdevelopment,¹¹⁷ used the same reasoning when describing the causes of underdevelopment, arguing that whatever external factors are taken as the cause of the world economic disparities, "they may follow from the given internal conditions, too."¹¹⁸ From a rather practical point of view, Szentes moreover raises awareness for potential problems that might affect potential East-South cooperation. For instance, encouraging the developing countries to embark on self-reliant projects that could provide them their desired economic independence would also reduce the flow of raw material exports to developed (including socialist) countries. Hence, the question automatically arises: how could a country like Hungary that suffers from the scarcity of basic resources meet its raw material demands from the developing countries without therefore reinforcing their inherited one-sided specialization? Another issue was the contribution of foreign capital and technology in the developing countries. In this regard, what alternative forms of production cooperation could Hungary apply instead of the export of direct investment capital resulting in long-lasting foreign ownership and control? Thirdly, it was rather vague as to what sort of industrialization the CMEA countries should primarily assist the developing partners with and by what kind of technology transfer.¹¹⁹

4.5 Preliminary Conclusion

From a general point of view, this study argues for (1) a global perspective in order to showcase the interconnected development of Hungary and the so-called "Third World" and, consequently, (2) a different approach where Hungary appears as an active participant in the world economy. Although it was only superficially presented in the paper, the unsolved problems of the economic integration of the "Socialist Commonwealth" became more and more acute from the late 1960s on and, once further integration had been announced, Hungarian economists expressed their views that, in its then-current shape, this integration was not sustainable anymore, since it was unable to cope with changes in the world economy.¹²⁰ While analyzing the efforts Hungary made in order to make the NIEO a success story, it seems that these researchers strongly supported greater opening-up of the CMEA towards the developing countries. It is also apparent that the country would have rather opted for adaption to the new trends in the world economy than try to make the old institutions (like the CMEA) work.

Although these economists eventually failed to implement the necessary systemic, structural, and institutional reforms they envisaged for the country due to the fact that both the NEM (on which we could not elaborate in this paper) as well as the NIEO were curtailed by the major forces shaping the Cold War order (by the Soviets and by the Americans, respectively) – and, consequently, the country would face the long term adverse consequences of it in the changing global economy – the research carried out in these institutes clearly marked the peak period of Hungarian world economic and developmental thinking.

116 T. Szentes, *Az elmaradottság és fejlettség dialektikája a tőkés világgazdaságban*, Budapest: Kossuth Könyvkiadó, 1976, p. 25.

117 His most extensively cited book on this topic is the *Political Economy of Underdevelopment*, Budapest: Akadémiai Kiadó, 1971.

118 T. Szentes, *Az elmaradottság és fejlettség dialektikája*, p. 49.

119 T. Szentes, "A few thoughts on the problem of Hungarian Cooperation with developing countries," *Acta Oeconomica* 17 (1976) 2, p. 145.

120 L. Csaba, *Eastern Europe in the World Economy*, Cambridge University Press, 1990, p. 125.

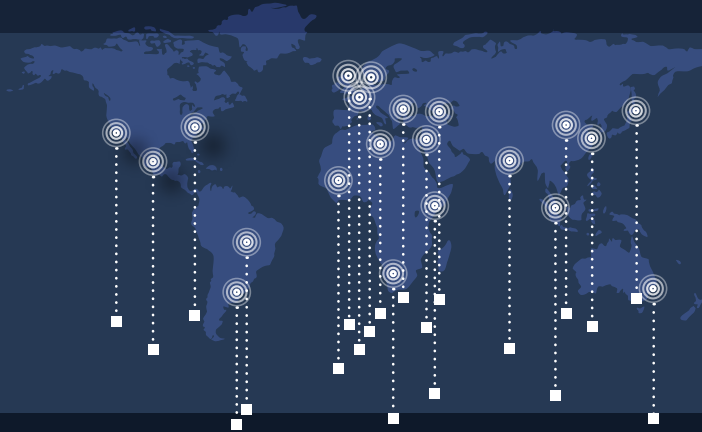
5 Conclusion

The aim of the research project is to revisit the commonly accepted conceptualization of the Cold War based on the assumption of an antagonistic contrast between a capitalist and a socialist world. As an integral part of this perception, the Soviet bloc was – at least implicitly – considered as an autarkic entity, which was more or less insulated from the world economy and where trade with the international economy was minimized. Building on this autarky theory, Cold War literature chiefly focuses on the various entanglements between center and periphery (North-South relations). Therefore, (semi-)periphery-periphery interactions, among them East-South relations, remain mainly unexplored. Yet, as we tried to demonstrate in the introduction, recent literature on global socialism represents a rather different understanding and profoundly challenges this isolationist character of state socialism. The three case studies presented in this Working Paper emphasize the very same understanding, i.e. that the examined actors followed very different trajectories from what seemed to be predetermined by the bloc. By applying different foci and analyzing different actors, the three case studies highlight different rationalities and practices during different periods of the global Cold War. In the global perspective taken here, the examined institutions, experts, and organizations from socialist countries and the Global South appear as active participants in the world economy and globalization processes. The various East-South entanglements showcased in these studies produced a set of spatial formats (or alternative geographies) that transgressed the assumed borders of the nation-state and the bloc, and which follow the logic of their particular professional field rather than a centrally determined political logic. In addition, the examination of these global trade networks, diplomatic encounters, trade agreements, and international organizations shows how CMEA countries, institutions, and organizations tried to reposition themselves in the context of change in the world economy.

NOTES

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