1980

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Philip David Oxhorn
University of Redlands

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The Soviet Union and Eastern Europe: Socialist Dependency

A thesis presented by

Philip David Oxhorn

In partial fulfillment of the requirements of the Proudian Interdisciplinary Honors Program.

University of Redlands
Redlands, California
March 1980
To Who It May Concern:

I apologize for the excessive number of typographical errors found in this paper. While no one but myself is to blame for this lack of scholarly effort, I think that there is an irony here which deserves comment.

It is only fitting that my own research is marred by numerous imperfections, for the process with which I was forced to comply was also marred by imperfection. In each case, these imperfections are inexcusable.

Starting with an ill-defined and poorly understood objective—the completion of an "interdisciplinary" honors thesis—the Proudian Interdisciplinary Honors Program lacks both direction and, I am sorry to say, meaning. The purpose of even writing an interdisciplinary thesis is lost when no one, faculty and students included, can agree on what interdisciplinary studies actually is. This lack of consensus, as well as confusion as to the difference between "multidisciplinary" and "interdisciplinary", merely makes one question if it is possible for any undergraduate student to complete an authentically interdisciplinary thesis.

While I have learned a great deal in researching and writing my thesis, it is revealing that I could have completed (and probably would have) this exact same thesis without participating in the Proudian Program. But in trying to fit my own thesis into the "interdisciplinary mold," the confusion of everyone involved and the downright pettiness and egotistic pride of certain faculty members only detracted from the experience. The fact that this thesis, marred with so many typographical errors, was accepted as the final draft without being retyped is not only embarrassing for me personally, but best portrays the hypocrisy of the process through which it was finally approved.

Although this statement is undoubtedly somewhat self-serving, I only wish to emphasize the necessity of rethinking the entire concept of in-
terdisciplinary studies and the Proudian Honors Program in particular. I hope that others can learn from my own experiences and define the Proudian Program so that it can achieve its as yet unrealized potential to provide a truly exceptional undergraduate experience.

Sincerely,

Philip Oxhorn
I. Introduction

Given the difficulty of explicitly defining the "national interest" of any country, it has been fashionable for political scientists, especially since the Russian revolution of 1917, to assert that formal ideology is the prime motivation force in a country's foreign policy, especially if that country is a major actor in world politics. For example, it is often argued that capitalist countries will behave in a fashion clearly distinguishable from that of socialist countries. Thus the U.S. is characterized as being imperialistic because it is capitalistic. It is the purpose of this paper to explore the hypothesis that it is not the particular ideological orientation of a country which determines the nature of its relations with other countries, but rather, it is a country's relative power position vis-a-vis other countries which determines its behavior.

The primary theoretical justification for this position is derived from Robert Tucker's influential book, The Radical Left and American Foreign Policy. Examining both American foreign policy in the twentieth century and the "radical critique" of that policy, Tucker argues that there is indeed no institutional basis for American foreign policy, that the U.S. has acted out of a desire to protect its security, in a greater than physical sense, in "the belief that America can only regenerate herself by regenerating the world, that the future of America's institutions can be assured only if they continue to provide the dominant model for the world..." Although debatable, it is Tucker's conclusion that a "Socialist America" would not have acted much differently in this century than the
America that we know. This position must be examined in more
detail, however, because its "mirror image" generated the
present paper.

According to Tucker, the radical critique's major error is
their insistence that American leaders are motivated by the
conviction that it is an economic necessity of capitalism to
pursue expansionist policies. Given alternative explanations
of U.S. expansionism, there is no justification for asserting
that American foreign policies are the result of economic nec-
essity, real or imagined, unless it is first assumed to be true.
Tucker finds the radical critique thus relying heavily on those
policy statements which support a theory of U.S. expansionism
grounded on the economic institutions of capitalism but ignor-
ing those which support alternative explanations.

Tucker sees the roots of American expansionism in America's
own immense power, irregardless of how that power was achieved:

If the answer to U.S. expansionism is not to be found
in the objective forces generated by capitalism, it
must be sought in the variety of motives that have al-
ways led preponderant powers to identify their prepon-
derance with their security and, above all, perhaps,
in the fear arising from the loss of preponderance
itself. The belief that the loss of preponderance must
result in a threat to the well-being of the collective,
and this irrespective of the material benefits prepond-
erance confers, is so constant a characteristic of
imperial states that it may almost be considered to form
a part of their natural history.

Intrigued by the argument that power differentials are much
more important than ideology in explaining relations between
states, I decided to pursue an honor's thesis which attempts
to apply the reverse of Tucker's thesis, that is, that the
Soviet Union's relations with smaller powers (especially those
in Eastern Europe) are similar to what they would be if the
Soviet Union were capitalist. After considerable discussion with my faculty advisor, we determined that the most interesting and even heretical way to approach this topic would be to turn the concepts originally developed by the Marxist-Leninist inspired "dependencia theory," which explains developed capitalist relations with underdeveloped countries, on the Soviet Union and its relations with "the Socialist Commonwealth." It is therefore necessary to expend some preliminary effort on dependency (the English rendering of dependencia) theory, a matter to which we now turn.

II. Dependency (Dependencia) or Dependence

The 1960s saw the emergence of a paradox of rapid economic growth combined with increasing poverty in the Third World. Despite the fact that the average five per cent annual increase in gross national product achieved in most underdeveloped countries (UDCs) during the 1960s is roughly double the rate achieved in the nineteenth century by Western Europe and North America, it was becoming more and more obvious that the development measured by per capita increase in GNP was not reaching the lives of ordinary people in terms of jobs, income distribution and basic alleviation of critical poverty.

More specifically, a study by Irma Adelman and Cynthia Morris found that while the top five per cent of the population gains in income as growth in GNP proceeds, the income of the bottom forty per cent of the population falls, both relatively and sometimes even absolutely.

The reasons for this paradox are very fundamental, stemming directly from the assumptions upon which conventional development strategies have been predicated. The predominant approach
to underdevelopment has emphasized a massive infusion of both foreign assistance and direct private investment into import-substituting industrialization within the Third World countries. This, combined with proper governmental incentives and restrictive trade policies, presumably would allow underdeveloped economies to reach a "take-off" point into self-generating economic growth, paralleling the classical capitalist development of Western Europe and North America. These strategies could not work, however, because the assumptions simply do not hold. First, it is assumed that the UDCs are self-contained states with independent economic, social and political systems, ignoring the often retarding effects of the colonial incorporation of underdeveloped economies into an international system which is still dominated by advanced industrial nations. Second, conventional theorists assume that UDC economies are pre-capitalist, resembling the economies of North America and Western Europe just prior to the Industrial Revolution. They have generally ignored the history of UDCs which shows that "underdevelopment is not original or traditional and that neither the past nor the present of the underdeveloped economies resembles in any important respect the past of the now developed countries." Finally, conventional development strategies presume that contact with the developed industrial countries, principally through massive governmental assistance and private investment, will stimulate economic growth. Only now are the negative consequences of such contact becoming apparent.

As an alternative to conventional theories, a theory of dependency, or dependencia, offers another assessment of both
development and underdevelopment within an international capitalist system. A growing and varied body of literature has emerged under the general heading of dependency theory, often creating an undue amount of complexity and lack of clarity as to what dependency theory actually is. The following is an attempt to synthesize the theoretical contributions of dependency theory's primary authors into its more consistent and manageable components.8

First, however, a clear distinction must be drawn between the concepts of "dependence" and "dependency." Despite the fact that a number of authors appear to use the terms interchangeably, ignoring both subtle and not so subtle distinctions the two terms to indeed denote completely different systems of relationships between nations. Stemming from different paradigms, the concept of dependence refers to asymmetrical relations between industrialized and other nations, whereas the concept of dependency refers to a lack of actor autonomy in North-South relations. Dependence refers to situations where tow or more nations are interdependent. This interdependence is highly asymmetrical in the countries involved are not equally dependent on each other. The country with the greatest amount of independence has considerable power over the country which suffers from a greater dependence because it can cut off relations with the dependent country at a considerably lesser cost that it, the relatively independent country, would have to bear. Yet the more dependent country has the ability to decide to resist such coercion and bear its cost, while the more independent country must also decide if it wishes to suffer the
costs of curtailing relations. Dependency does not deal with nation-states as actors in international relations. Transnational groups and institutions are seen as the primary actors, functioning in an international capitalist system. The international capitalist system forms a structure which dictates actor decision-making, thus depriving them or any decisional autonomy. This relationship is not assymetrical, for the transnational groups and institutions do not have varying degrees of autonomy but influenced only by the needs of the international capitalist system. James Caporaso succinctly demonstrates the dissimilarities between these two concepts:

The dependence orientation seeks to probe and explore the symmetries and asymmetries among nation-states. This approach most often proceeds form a liberal paradigm which focuses on individual actors and their goals and which sees power in decisional terms. The individual actors are usually internally unified states which confront the external environment as homogeneous units... The dependency orientation, on the other hand, seeks to explore the process of integration of the periphery into the international capitalist system and to assess the developmental implications of this peripheral capitalism. This approach proceeds from a structuralist paradigm which focuses on the class structure and international capital, and the role of the state in shaping and managing the national, foreign and class forces that propel development within countries. The dependency framework, in other words, explicitly rejects the unified state as an actor as a useful conceptual building block or theory.

The key to dependency theory is the observation that foreign interests have so penetrated dependent societies that they actually become integral to those societies. The institutions, social classes, and "modernizing" processes which internalize foreign influences within each dependent country form what Bodenheimer has named the "infrastructure of dependency." Sunkel explains that:
...Dependencia does not treat foreign influence as external but as internal to the system: the manifold and sometimes hidden or subtle political, financial, economic, technical and cultural presence of the developed capitalist states in the underdeveloped country, which contributes significantly to shaping the nature, structure, functioning, and transformation of its economy, society and policy; a kind of "fifth column" as it were. 11

It is this internalization of external interests which makes dependency so devastating. While formal colonial control is gone, there is much more subtle and pervasive form of control permeating all major institutions and structures, both private and public, of the dependent countries. Dependency itself becomes institutionalized—and thus harder to overcome than colonialism. This becomes clear when one realizes that colonialism has been eradicated yet dependency has survived for 300 years. Irving Markovitz sees this same phenomenon that dependency theorists generally ascribe to Latin America having happened lately in Africa:

These new countries still depended on the colonial powers, both for development funds and for the technology necessary to achieve a higher standard of living for their peoples. The conditions of exploitation remained: the new states were still producers of raw materials; they still had little industry; they were still markets for sophisticated goods... Under these circumstances, Lord Palmerston's dictum that he did not have to own an inn in order to sleep in it made a good deal of sense. 12

At the heart of infrastructure of dependency, the primary actors in the international capitalist system, are the members of a transnational affluent class. United by internationalized consumption patterns, it is their presence in the UDC that allows, and actually encourages, dependency's entanglements with advanced industrial nations. Subservient to those foreign interests which guarantee them in increasingly dominant position
within their societies through political, economic and military support, this denationalized elite becomes "The kingpin and sin qua non of dependency." Markovitz again observes in Africa:

A compradore class sits in power at the pleasure of foreign corporations and governments. Tool and puppet, its loyalties and policies are determined by these outside forces. Without any independent domestic base, its autonomy is severely circumscribed, as are its national loyalties.

It should be noted that dependency has been a dynamic process, progressing through three clearly discernible phases which correspond to changes in the needs and structure of the international capitalist system. First was the colonial phase, characterized by the export of agricultural products and precious metals to fuel Europe's economic expansion. As the countries of Western Europe and North America became more advance, there emerged in the mid-nineteenth century a new financial-industrial phase of dependency. An international division of labor was institutionalized as both Europe and the United States invested heavily in food and raw materials production abroad, specializing in the production of manufactures at home and benefitting from terms of trade which were increasingly biased in their favor. The exigencies of two world wars and and intervening world depression virtually forced a new policy of import-substituting industrialization within the Third World as the international capitalist system unexpectedly contracted. With the return to normality and accelerated U.S. expansion into Third World economies, the current phase of technological-industrial-financial dependency was ushered in.
Given the present concentration on import-substituting industrialization as the appropriate development strategy, it is important to examine more closely the nature of that process. It appears that foreign firms in Latin America have "acquired a dominant position among medium and large sized firms in may if not all of the many sectors and branches of economic activity which are not in public hands."  

Rather than promoting development and increasing UDC autonomy, the resulting dependent industrialization is exacerbating many of the problems of underdevelopment in the Third World. Any hope for autonomous self-sustaining development grow dimmer as local factors of production are continually eroded by the presence of multinational corporation (MNC) subsidiaries within the UDCs. The continued displacement and deterioration of local entrepreneurship causes the quality of local factors of production to decline. Their quantity is also diminished as competition with the MNCs causes them to wither, preventing or retarding their growth. Susanne Bodenheimer best expressed the true consequences of dependent industrialization:

In short, dependent industrialization has aggravated rather than resolved such basic problems as balance of payments deficits, unemployment, income disparities and an insufficient domestic market.  

Within the Third World, the end result is what Sunkel has called dependent state capitalism. The denationalized elite has accepted dependency and the marginalization of growing sectors of its population as inevitable ingredients of development. Thus, an increasing share of the ownership and control of national resources and activities is turned over to foreign corporations. The governmental apparatus is put at their
disposal for the provision of infrastructure necessary to corporate expansion as well as for the political and police repression essential for "stability."

As inequality worsens and becomes more apparent, the result of this coincidence of public and private interests is institutionalized violence on an increasing scale. As underdevelopment is intensified within the UDCs, new sectors of the population are becoming radicalized. UDC governments, controlled by a denationalized elite, are forced to apply overt repression against revolutionary forces and even popular movements, such as peasant land invasions in Chile, resurgent labor movements in Argentina, and students throughout the Third World. Opposition to UDC governments only increases as the popular movements spread throughout the country and the measures of repression are generalized to the entire nation. Bodenheimer sees a repression-resistance cycle becoming chronic. If a dominant power is forced to intervene directly, as was the case in the Dominican Republic, what was a reformist movement is then transformed into a potentially revolutionary force. Given this scenario, the prospects for peaceful resolution of the problem of underdevelopment seem bleak. Dos Santos concludes that:

Everything now indicates that what can be expected is a long process of sharp political and military confrontations and of profound social radicalization which will lead these countries to a dilemma: governments of force which open the way to fascism, or popular revolutionary governments, which open the way to socialism. Intermediate solutions have proved to be, in such contradictory reality, empty and utopian.17

The quite extensive body of dependency literature thus presents a thorough, highly developed model of an international capitalist system characterized by a transnational network of
dependency relationships. The only remedy offered for a given country's dependent, and therefore underdeveloped, status is to "escape" from the international capitalist system. Uncritically, and in terms that on occasion amount to an ideological zealotry which characterizes capitalism as being inherently evil and socialism as being naturally good, dependency theorists are satisfied in merely offering the extremely nebulous solution of socialist development. Rarely, if ever, is the socialist course of development actually elaborated upon in any detail. This seems especially unwise, given the postwar example of Eastern Europe from which to draw some lessons.

This inattention becomes more puzzling when one examines the strong intuitive case for a model of socialist dependency. The division of Germany into two nations, one Communist and one capitalist, at the end of World War II, combined with the emergence of other Communist regimes in Eastern Europe during the immediate postwar years, forced a massive redirection of trade within Eastern Europe. Very little of this redistribution is reflected in increased trading activity between the East European nations. Rather, one finds that the real change in East European trade patterns is "from irrational avoidance of the USSR to irrational concentration upon her." Before World War II, there was little Soviet Trade with Eastern Europe. When Communist regimes came to power in Eastern Europe, trade with the West was virtually halted for political reasons. This trade was then redirected to the Soviet Union. The Soviet Union's share of the total turnover in mutual foreign trade within the Council for Mutual Economic Assistance (CMEA) coun-
tries has consistently been approximately 37 per cent since 1950. The complete dominance of the Soviet economy within the CMEA is demonstrated when one considers that the USSR alone contributes 70 per cent of its entire industrial and agricultural production. Thus, it is no wonder that "in terms of volume and structure, trade with the Soviet Union is one of the decisive factors of the steady economic growth of the CMEA countries."21

On a more theoretical level, the potential for the Soviet Union to exploit its satellites via the system of socialist international relations is as great, or greater, than that which operates in the international capitalist system. John Galtung, using the hypothetical examples of the General Motors Corporation and the International Communist Movement, has demonstrated that international political organizations can serve theoretically similar functions in establishing center-periphery relationships. Moreover, because a Soviet corporation is under the direct control of the government, its activities can be coordinated with those of other Soviet corporations as well as with Soviet foreign trade. Its direct links with the Soviet Government gives it yet another advantage over its capitalist counterparts in that diplomatic support is also far more direct. Finally, the extensive reliance on bilateral trade within the Soviet bloc institutionalizes a system whereby the Soviet Union, with its economic predominance, can potentially determine to a large extent both the flow of exports and imports within the CMEA.24

Given this strong intuitive case for a system of socialist
dependency, the following sections will be an attempt to actually document the existence of such a hypothesized system of international relations within the East European Soviet bloc.

III. The Socialist Infrastructure of Dependency

As noted above, the importance of internalizing foreign influences in establishing dependency relationships cannot be overemphasized. Beginning with Stalin, it has been a clear and deliberate policy of the Soviet Government to effect its interests directly in the decision-making processes of its East European satellites. The principal structure through which the Soviets are able to influence directly the internal decision-making of satellite countries is the national Communist Party with its complete monopolization of political and economic power within each respective country. Typically the East European Communist Parties constitute only two to five per cent of the population. They invariably play a subordinate role to the Communist Party of the Soviet Union (CPSU). The CPSU reserves the right to define both what a genuine Leninist regime is and the broad limits within which it must behave. Nation­alism becomes equated with revisionism and is isolated as a weapon of the bourgeois imperialists. The CPSU itself best elaborated on its unique position among the Communist Parties of East Europe in a secret 1956 memorandum:

The CPSU considers that it remains the 'directing party' amongst all the Communist organizations of the world. Each Communist Party is judged in light of the more or less intimate relations which it has with the CPSU, for the interests of the CPSU are closely tied in with those of the othersister parties...

The key to CPSU domination over East European Communist Parties is the denationalization of the local ruling elite
through control of personal loyalties within the Communist Party hierarchies. Since Stalin, Soviet leaders have generally tended to focus not on the nature of specific policies but on who they would benefit. A policy was deemed unacceptable on the basis of whether or not the local Communist Party would win enough popular support to secure for itself autonomy from the Soviet Union. In Czechoslovakia, it was thus unacceptable for the Dubcek regime to establish diplomatic relations with Bonn in 1968 because of the popular support it would generate, but in 1973 the Soviets warmly endorsed Husak's recognition of Bonn because it strengthened a regime already securely under Soviet influence while also complimenting the Soviet Union's own policy of detente.

The best way to ensure that local policies do not deviate from within certain defined limits is to influence cadre appointments, especially under continually changing circumstances. It is both logical and consistent for Soviet leaders to desire direct control over personnel, for this how they themselves retain control within the CPSU. The Soviet leaders realize that ultimately it is essential to maintain an influential group of Sovietized national elites within the East Europe Communist Parties. One cannot help but notice the striking degree of similarity between Sunkel's description of dependency in Latin America and Jones' description of the relationship between Soviet and East European ruling elites:

Moscow is also dependent on them [the East European ruling elite.] The Soviet leaders require a fifth column in the East European party to legitimize the use of Soviet troops and to form a new government [in the event an anti-Soviet clique comes to power.]
The most general and pervasive mechanism for fostering Soviet loyalties among the East European elite is cultural integration, through both deliberate policies and the natural processes arising from increased contacts between the Soviet and East European peoples. The existence of party cells makes "it possible for the Soviets to penetrate the entire political, economic, social and cultural fabric of an East European country."\(^{31}\)

More specific mechanisms to ensure loyalty to Moscow among local Communist Party cadres have included periodic purges, political blackmail, the utilization of latent or existing national antagonisms to "divide and conquer," the encouragement and support of factionalism within the local Communist Parties to bring down hostile regimes, and the official excommunication of rebellious members.\(^{32}\) Positive reinforcement for loyalty to Moscow has included economic assistance during times of economic crisis so that "muscoviet" regimes could avoid excessive criticism from within their party.\(^{33}\) By also encouraging rising bureaucrats from East European Communist Parties to attend Soviet party and technical schools, the Soviets are better able to implant personal loyalties toward Moscow as well as establish personal contacts with them. These personal relationships between Soviet and East European officials are continued through "pen-pal" correspondence.\(^{34}\) Soviet officials are thereby able to continue to influence East European officials after they leave the USSR. Exposure to Soviet attitudes and culture becomes a continuous process.

Evidence of the denationalized character of the East European ruling elite is both public and frequently encountered.
References to an "ever closer rapprochement with the Soviet Union in all spheres of economic and cultural life" by the Bulgarian Communist Party Central Committee and to the "special importance [given] to further tightening economic, scientific and technical links with the Soviet Union," by Edward Gierek, first secretary of the Polish United Workers' Party, are just two examples. Nor are references to especially "close" ties with the Soviet Union limited to the official statements of East European leaders. While provisions of a Soviet-East German treaty refer to a unified foreign policy, amendments to the January 1976 Polish Constitution explicitly refer to "strengthening friendship and cooperation with the USSR..."

The existence of the infrastructure of dependency would be functional only to the extent that it allowed the dominant country, the Soviet Union, to exploit and condition dependent economies, those of Eastern Europe, in response to its own national economic needs. Thus, one cannot be surprised by the conclusion reached by Goldman in his 1967 study of Soviet economic relations with other socialist countries:

The Soviet Union's economic policy toward its less powerful allies sometimes has been as imperialistic as anything devised by the most avaricious firms in the West toward the developing countries. By means of war reparations, joint stock companies, and discriminatory pricing, the Russians have contrived schemes that would make even such masters of intrigue as Union Miniere du Haut-Katanga, United Fruit, and Standard Oil blush with embarrassment.

The development of dependency within the socialist common wealth can be divided into three distinct phases, similar to the development of dependency within the international capitalist system. As one would expect, the unique needs of the Soviet economy, as well as the speed with which socialist...
dependency has developed, essentially compressing a process which took over 300 years in the international capitalist system into just over 30 years, has had the affect of reducing the quality of the "mirror Image" and of blurring the division between phases. Yet, the resemblance is too striking to be dismissed as merely coincidental.

IV. Quasi-Colonialism: 1945-1953

The first evidence of exploitation by the USSR emerges as one examines the Soviet war reparations policies pursued in Eastern Europe following World War II up until Stalin's death:

...one of the major Soviet objectives in seizing control of Eastern Europe after World War II was to utilize the resources of the area to promote Soviet postwar economic recovery and development. At least during the Stalinist period, the Kremlin treated the region as a colony to be exploited for the benefit of the Soviet economy.38

Former Axis allies, even if they were neutral or Soviet allies during part of the war, were forced to renounce claims on Germany. All local property seized or acquired by the Germans, as well as Western assets, were claimed by the Soviets. In addition, Hungary and Rumania were both required to pay war retribution to the USSR. So great was the Rumanian burden that the country actually appeared on the verge of bankruptcy and anarchy.

While Poland was officially excused from any reparations, it was forced to exchange valuable exports of coal at a "favorable" price well below world market prices in exchange for Soviet confiscated German property in Poland and 15 percent of Germany's reparations to the USSR.
Numerous other commodities, such as Rumanian oil, were also sold to the Soviets at prices substantially below world prices. While no official statistics are available prior to 1955, it is reasonably certain that such price discrimination was prevalent all throughout the period 1945-1955. While the Soviets have claimed to have repaid their Eastern satellites for at least some of this exploitation, it is impossible to estimate both what could have been received from Western Europe in exchange for those commodities (especially since many of these commodities, like oil and coal, were scarce on world markets) and what the long-term costs were of directing East European trade away from the West. 39

East Germany presents a unique instance of extreme exploitation. It appears that virtually everything the East German economy could offer the Soviet economy was taken, in whatever form possible, including even the transportation of thousands of civilian specialists to the Soviet Union. As a result of these practices, 20 to 30 per cent of the East German GNP was syphoned off to the USSR between 1945 and 1953. 40

One more feature of Soviet postwar policy deserves special attention, and that is the Soviet Joint Stock Corporations (JSC). 41 Among the direct advantages to the Soviet economy from the JSC, established in Yugoslavia, Hungary, Rumania, and East Germany, were a steady source of revenue, priority shipments of goods (sometimes at drastically reduced prices) during a time of severe international shortage, as well as assured supplies of uranium ore and nonferrous metals which have traditionally been in short supply in the Soviet Union.
The JSC were centered in key industries such as shipping, petroleum, chemicals, uranium, airlines and aluminum. In most instances, the Soviet contribution was minimal, consisting largely of the return of war reparations. Yet the Soviets demanded full compensation for their 50 per cent ownership of all the JSC when they were eventually dissolved between 1953 and 1956. Goldman concludes:

Unlike the reparation demands, for which there was often a moral justification, or discriminatory pricing, for which there may have been at least some theoretical justification, the termination of the JSC was in the best tradition of a colonial power. Few if any American or European companies have been so "imperialistic..."

V. Exploitation Through Unfavorable Terms of Trade: 1955-1965

While the CMEA countries were released from their remaining debts in 1956, official Soviet trade data tend to indicate that the area of Soviet exploitation had shifted more overtly to price discrimination in intra-bloc trade. Whether or not such price discrimination was, in fact, a mechanism by which the Soviets deliberately regained lost revenue, or whether the price discrimination documented in official Soviet trade statistics released for the first time in 1958 was a continuation of a postwar practice, it was clear that:

Whatever Soviet propaganda may assert to the contrary, the COMECON countries are still Moscow's satellites and not its equal partners. The Soviet Union concocts import and export prices to suit its own convenience, using methods of direct compulsion to impose them. This makes normal, mutually advantageous collaboration and the division of labor impossible.

As an aside, it is important to realize that exploitation through the manipulation of import and export prices is not confined to the Soviet bloc. In their landmark 1974 study of
multinational corporations, Barnet and Muller discuss the mechanism of "transfer pricing" by which MNCs disguise significant amounts of repatriated profits through price discrimination in the trade conducted between their subsidiaries. In Latin America alone, 75 per cent of U.S.-based MNCs which engage in export limit their transactions to other subsidiaries of the parent MNC. Export prices are, on the average, 40 per cent less than those charged by local firms. Where it is to their advantage, MNC imports are overpriced from 16 to 155 per cent. While the cost to the dependent UDCs cannot be estimated, Barnet and Muller conclude:

The widespread use of transfer pricing so central to the cross-subsidization strategies of the global corporation is designed ...to create what amounts to a private economy...."Prices in an economic sense... do not exist. The price charged is strictly a matter of relative power."  

Many studies of Soviet intra-bloc price discrimination between 1954 and 1964, using official Soviet statistics, have been conducted. In particular, Mendershausen finds that the USSR's price advantage ranged from 20 to 30 per cent during the period 1955-1959. Kutt concluded that this price advantage amounted to over $12.7 billion in "illegitimate profits" between 1954 and 1964; or approximately three and a half times the amount of Soviet aid given in the same period.  

The most blatant case of deliberate Soviet price discrimination against a satellite country involves the $15 billion 1966-1970 trade agreement reached with East Germany. On April 3, 1965, Dr. Erich Apel, chief of the East German Planning Commission, apparently committed suicide in protest over the
unfavorable terms of trade embodied in the new trade agreement with the USSR, fearing that the resulting damage to the East German economy would "destroy the effects of his work." Numerous East German exports were to be delivered to the Soviet Union at prices considerably below world market prices, including 300 sea-going ships at 30 per cent below world market prices. Shortly after the treaty was signed, the Soviets announced the sale of $105 million worth of ships at world prices. The East Germans were also to be committed to buying large quantities of raw materials from the Soviet Union at prices considerably higher than those on the world market. Allegedly, the Soviets justified such inequities on the grounds that the Soviet Union had to offset its tremendous armaments burden and besides, the East Germans already had a higher standing of living than the Soviets. 49

Thus, like its capitalist counterparts within the international capitalist system, the Soviet Union responded to changing conditions within its own international system and extracted from its satellites resources to fuel its own developmental needs. Only the specific mechanism differed, according to the particular circumstances of the times.

VI. Socialist Economic Integration and the International Division of Labor: 1966 to the Present

Through both official policies and more subtle economic and political pressure, the Soviet Union is currently tightening its control over East European development. The Soviet Union's current efforts to promote increased economic integration within the CMEA must be seen as an effort to adapt
dependency to changes in the economic and political environment of Eastern Europe.

Defenders of Soviet benevolence can cite the reversal, since the mid-60s, of Soviet terms of trade with Eastern Europe because the prices of the raw materials which it exports has fallen relative to the prices of the manufactured products which it imports from Eastern Europe. While in the short-run it might appear that the Soviets are actually being "exploited," one cannot ignore the long-run enhancement of Soviet domination resulting from such a policy. Such a policy both helps ensure political stability in the East European states by avoiding unnecessary economic difficulties, while at the same time making East European leaders increasingly dependent on what amounts to a subsidy on vital raw materials.

Moreover, at least in the area of oil, this picture of "exploitation" is rapidly changing. As demand for Soviet oil, which already accounts for 80 per cent of Eastern Europe's supply, increases, the price of Soviet oil will double between now and 1985. The 1985 price will be equivalent to the projected world price of $30 a barrel unless there is an intervening boost in world oil prices, which will lead to a corresponding increase in the price of Soviet oil. Payment is increasingly being demanded in the form of scarce transferrable currencies, Eastern Europe's best industrial products and/or nationally needed investment funds. Of the 76 joint industrial projects within the CMEA, approximately one-fourth are located inside the Soviet Union, and these are typically the largest.

Industrial penetration of Eastern Europe by the Soviet
Union is also significant. The 1,334 large industrial enterprises completed by 1974 with Soviet financial and technical assistance, not including the capacity of 65 projects then still under construction, equalled the Soviet Union's own pre-World War II industrial capacity. In particular, the majority of the largest ferrous metallurgical enterprises in the CMEA, "which to a considerable degree determines the level of development of their national economy...were planned in the USSR, were built with the help of Soviet specialists, and to a considerable degree were outfitted with Soviet equipment."

As a primary source of technology for the CMEA countries, the Soviet Union exercises a dominant position in affecting the economic growth and development of the region. Growing at a rate of nine per cent annually between 1966 and 1970, the Soviet technical transfers have been at a rate of 3.5 to one over a twenty year period. As a result of political pressure to "force Soviet technology on other countries," the flow of technical documentation to Czechoslovakia and East Germany, both technologically "much more advanced" than the Soviet Union, exceeds the reverse flow. These technology transfers have also included the sale of obsolete technology.

The tremendous size and relatively primitive nature of the Soviet domestic market further ensures a growing dependency structure. Because the majority of East European manufactured commodities are of poor quality and/or obsolete, they are unacceptable outside of the CMEA at current prices. In the short-run, re-orientation of trade patterns is thus precluded, but in the long-run this dependency is perpetuated as industrial
production becomes geared to the special needs of the Soviet economy.

As a mechanism for ensuring these dependent relations among socialist states, the CMEA is allowing the USSR to perpetuate and strengthen its domination over Eastern Europe. Aside from the Soviet Union's political domination of CMEA organs, the Soviet Union's economic preponderance will allow it to:

demand conformity if the regional structure of relationships fails to ensure disciplined behavior by preventing the emergence of aberrant political and economic reforms. For example, the Soviets can refuse to guarantee energy supplies, as they did in 1971 before the retrenchment of the Hungarian New Economic Mechanism. 

The CMEA offers the Soviet Union several subtle mechanisms for strengthening its own dominant position. Increasing Soviet pressure for integration can be seen as an effort to subdue nationalistic forces in Eastern Europe. Long range investment and trade agreements further tie East European states to the USSR, decreasing their own political autonomy. Periodic multilateral contacts allow the Soviet Union's primary interests to be defined and defended while emphasizing to the East European participants the acceptable limits to national independence.

In general, the international division of labor envisioned for the CMEA will benefit the Soviet Union because prices for its own basic goods exports will remain unchanged while the prices for its own principal imports will be decreased as economies of scale and efficiency savings are realized in other CMEA countries. Both Rumania and Bulgaria claim the international division of labor proposed by the Soviets is stifling
opportunity would soon arise for the Soviets to put into power more "cooperative" leaders. Meanwhile, the Yugoslav Communist Party looked forward to joining the socialist camp in a privileged position, second only to that of the CPSU. Expecting full respect for their national sovereignty and relations based on equality, the Yugoslavs learned,

only gradually and painfully...that their country's interests and aims might not always be identical with those of the Soviet Union, and that the latter would have as little compunction as the capitalist powers in sacrificing them to their own.70

It was on the basis of this experience that the Yugoslav Communist Party concluded in 1952 that:

The clash which has occurred between ourselves and the USSR in 1948 was not accidental....It happened at the moment when we clearly saw that the USSR was abandoning socialist principles, not only in its domestic policy but in its foreign policy, and was openly following the path of imperialistic expansionism...The USSR has long since diverged in their internal evolution from socialist development into state capitalism and unprecedented bureaucratic system.71

The subsequent activities of the USSR further the contention that the Ygoslav-Soviet dispute centered on Soviet control of local ruling elites. In addition to attempts to directly instigate subversion within Yugoslavia and thereby topple the Tito regime, the Soviets launched an extensive campaign throughout the rest of Eastern Europe to purge from positions of power all those "people who show even passive resistance to the course of hegemony adopted by the Soviet Union..."72

The second major threat to the integrity of the socialist camp was the 1956 Hungarian Revolution.73 The Soviets were forced to intervene when the government of Premier Imre Nagy endorsed the withdrawal of Hungary form the Warsaw Pact, the
unconditional removal of Soviet troops from Hungary, Hungarian neutrality, and, ultimately, the abolition of the one-party state and subsequent free elections. It was clearly a revolution against subordination to and exploitation by a foreign power. Sinner explained the reformers' ultimate mistake:

In short, their ideas were imbued with "national content," violating the cardinal tenet of "proletarian internationalism" which demands subordination of national interest to the welfare of the whole socialist block as determined by its leading member, the Soviet Union.74

The Soviet response was quite decisive. Janos Kadar "entered Budapest in the wake of the Russian armies,"75 establishing a government again subservient to Soviet interests. Forming a new Communist Party modeled after the now defunct Stalinist Hungarian Workers' Party, it was christened the Hungarian Socialist Workers' Party, as Kadar, Totally dependent for his survival on Soviet arms... sought to steal whatever prestige and legitimacy [which] may have adhered to the title of an anti-Soviet, pro-Nagy and pro-October, and, what is more, anti-Stalinist party.76

Perhaps, the most interesting case, the Czechoslovakian reformism which lead to the Soviet invasion in 1968 had its foundation in the inability of the Czech Government to fulfill basic domestic demands due to a "twenty-year record of rule subservient to an alien power."77 The precedence given Soviet interests prevented the efficient management of the economy. This was responsible for the Czech Government's inability to lead the country to economic progress and improve the standard of living of its people.78 Significantly, it was the publication of the pro-Soviet faction's long history of close relations with Moscow and its poor record in office by the Czech press
that helped propel the Progressive faction under Dubcek into power. 79

It is important, however, to emphasize the limits to Czeshoslovakian reformism in 1968. In essence, the reforms were designed to provide for decision-making by consensus. 80 Various groups and special interests within the Czech society would be allowed to voice their own views. A significant element in this policy was Czechoslovakia's continuing problem with Slovak nationalism. 81 But these reforms explicitly fell short of ending the Communist Party of Czechoslovakia's (CPC) monopoly of political power. 82 Furthermore, these reforms were specific to Czechoslovakian needs. Because "no other population in the Soviet bloc shares the Czech tradition of liberal and political values...the Soviets did not fear that Prague's liberalism would lead to the disintegration of Communist regimes." Even in Slovak Communities, broad support was won only for the policy of greater autonomy for the Slovak Communist Party. 83

A very persuasive argument has been made by Jones that the only reason for Soviet intervention was the loss of control over the CPC, which it had dominated since the early 1950s. 84 With Novotny's downfall in January of 1968, the Soviets lost control over cadre appointments within the CPC. Further, the Progressives had successfully purged pro-Soviet factions from within the army and the ministries of justice and the interior. The final blow was to come at the "extraordinary" party congress that was to meet two years ahead of schedule that September, where the Progressives hoped to elect a new, Progressive, Central Committee. What is particularly persuasive is the support given the Czech
Progressives by Tito (who had supported Soviet intervention to quash the Hungarian Revolution as regrettable but necessary), by Nicolae Ceausescu, President of Rumania, and by Enver Hoxa, First Secretary of the Albanian Party who probably would have supported the Soviets had they perceived a real threat to Czechoslovakian Communist rule.

The theoretical justification for the 1968 Czech invasion is the "Brezhnev Doctrine" or "Doctrine of Limited Sovereignty." Essentially, it allows for the direct military intervention by socialist states whenever the "gains of socialism" are deemed threatened by foreign imperialists or domestic factions or "rightist revisionism." Sovereignty, in theory is thus limited by the exigencies of the socialist commonwealth and proletarian internationalism. In reality, however,

The Brezhnev doctrine merely transfers the allegiance due to the Soviets under Stalinism to the Socialist Community. But since the Soviet Union is the political, economic and military keystone of that community, allegiance to the latter cannot be separated from allegiance to the former.

To the Chinese, the Brezhnev Doctrine is nothing more than "Social-imperialism," or "imperialism with a socialist label." The Doctrine is based on the theory that as capitalism becomes progressively weaker, corresponding to the increasing dominance of socialism, capitalism will become more and more aggressive and thus more dangerous, attacking the "weakest links" in the socialist system. The fact that Czechoslovakia had been repeatedly referred to as the most advanced member of the socialist commonwealth next to the USSR itself, yet was also the only country in which the Brezhnev Doctrine has been invoked to
justify Soviet military intervention, has led Mitchell to conclude that:

In terms of the plain language of Brezhnev and other Soviet spokesmen, one would be quite justified in retitling the Brezhnev Doctrine "Imperialism: the Highest Stage of Socialism" since developmental imperatives of an advanced stage of socialist development are now seen as requiring overt application of coercion across national boundaries among socialist subsystems. 88

Completely dominated by Soviet officers and lacking any significance or identity outside the USSR's own defense policy, the Warsaw Alliance allows the Soviet Union to launch attacks against recalcitrant satellites under the guise of the collective defense of the socialist commonwealth. 89 Citing the Czechoslovakian invasion as an example, the late Chief of Staff of the Warsaw Pact Forces, General Sergei M. Shtemenko explained that the main military purpose of the Warsaw Alliance is the "suppression of counterrevolutionary and aggressive action against Socialist countries." 90 Ostensibly established to counter NATO's presence in Western Europe, it appears that the real parallel of the Warsaw Pact is the Rio Pact and the Organization of American States. While NATO is "outward looking" and explicitly not a mechanism by which the U.S. or any NATO ally could invade another NATO country, both the Rio Pact and the Warsaw Pact are "inward looking" and exist for the preservation of hegemony control over regions. As efforts to restore to power a denationalized elite, the 1965 United States invasion of the Dominican Republic under the auspices of the Organization of American States and the 1968 Soviet invasion of Czechoslovakia are virtually indistinguishable. 91
VIII. Conclusions

Dependency theorists offer a structural theory of underdevelopment based on the workings of the international capitalist system. The interests of the dominant industrialized states, through both transnational institutions and, most importantly, transnational classes, are seen to penetrate completely the internal structures and institutions of dependent countries, forcing a subordination of purely national interests. Complementary economies, subservient to the needs of larger, more advanced industrial nations, develop in countries governed by a denationalized elite which owes both its allegiance and its position of power to these dominant countries. The inevitable result of this suppression of national interests is underdevelopment. As nationalistic elements within the Third World societies begin to realize that their only solution exists in "breaking away" from the international capitalist system, the dominant industrialized countries are forced to defend their system's integrity, which must ultimately involve the use of direct military force.

This paper has attempted to demonstrate that the Soviet Union, as the dominant power within an international socialist system, has severely curtailed the autonomy of East European countries in an attempt to impose upon them a similar relationship of dependency. Based on the authority of a ruling Communist Party, itself a definitive example of a denationalized elite, subservient to Moscow, the Soviet Union has been able to penetrate virtually every aspect of political and economic decision-making within its satellite states. Other international
institutions, such as the CMEA and the Warsaw Pact, further serve to guarantee an essential complementarity in the development of East European economies. The result has been increasing dependency in trade, technology, and political policies, as well as the exploitation and actual restructuring of the resulting dependent economies. Like its capitalist counterparts, the Soviet Union has been forced, on several occasions, to preserve the integrity of its socialist commonwealth from perceived threats, almost exclusively internal/national.

In attempting to compare systems of socialist dependency and capitalist dependency, one must realize that the two systems of exploitation are "cousins," not "brothers." Traditional dependency theorists continually emphasize the dynamic nature of the dependency relationship which has allowed it to evolve continuously from colonial times. Just as the theorists point out that dependency has adapted to dramatic changes in the international capitalist system over time, one would expect dependency similarly to adapt to the international socialist system. It would be too simplistic to assume socialist dependency would be a "mirror image" of capitalist dependency. Dependency within the capitalist sphere developed over 300 years, as opposed to less than thirty-five for the socialist sphere. Further, it would be ludicrous to assume the Soviet Union could match in any way the tremendous economic resources of the Western World, let alone the United States. Finally, the Soviet Union's economic needs are quite different from those of the West. Immensely rich in raw materials and less developed industrially than some of its satellites and the West in general, the specific
forms which socialist dependency takes would be expected to be different. The very nature of a Communist regime must also have some conditioning effect on dependency relations. Thus I have attempted to focus on those elements which are unique to dependency per se: transnational institutions and groupings which internalize or assure that foreign influences take hold within the dependent country; indications of such penetration by foreign interests, such as unfavorable terms of trade, concentration in trade, and the concomitant restructuring of national economies growing in ways complementary to a dominant foreign economy; imbalanced technological transfers and the efforts taken by the dominant country to preserve its international system against perceived threats.

In light of the findings of this study, even dependency theory, as well as other theories which attribute the relations between nations to their ideological orientations, must be carefully reexamined. The critical assumption behind dependency theory is that it is the capitalist orientation of the international economic system which uniquely and inherently causes the emergence of a duality of development and underdevelopment. Hence dependency theorists assume that the absence of capitalist influences is sufficient for development. Yet there is strong evidence to indicate that the Soviet Union, a socialist state, conducts its international relations in a fashion which parallels the worst alleged abuses of capitalism. The fact that two systems, operating on the basis of essentially antithetical ideological orientations, can and do behave in similar ways, implies that something other than ideology is the determining.
factor in international relations. The evidence indicates that the motivating factor is power asymmetries among nations; as the Greeks knew long ago, the strong do what they will and the weak do what they must.

If America's primary foreign policy objective is the protection of its security in the greater than physical sense, it would appear that the Soviets, too, have made this a basic tenet of their own foreign policy. Ideological differences aside, the U.S. and the USSR behave in a similar fashion because their predominance within their respective spheres of influence allows them to, regardless of the consequences for weaker countries which happen to fall within the definition of either superpower's "security" interests.

In trying to relate the above analogies, many contend that the USSR is not a truly socialist state, but has veered from its revolutionary course and the Soviet policies are thus the result of its reversion to a form of state capitalism or socialist imperialism. But the assumption that the Soviet Union could be described as a capitalist country simply does not hold.

The Soviet economy lacks many of the characteristics essential to a capitalistic economy. The Soviet Union is a command economy; central planning has replaced market mechanisms in most economic activity. There is no capital-owning class, the vast bulk of all national resources being nationalized and controlled by the state. Moreover, the business cycles which have characterized capitalist economies, especially in Marxist analysis, are absent.94

One must not apply an overly restrictive definition of a socialist economy. There are many different examples of
what are generally considered capitalist economies. Also, the fact that socialist economic systems are still comparatively new phenomenon, many of their basic characteristics are still evolving. Each socialist economy is in essence an experiment and will respond to the varying under which it is attempted. If one assumes that the Soviet Union is capitalist, a primary example of socialist development is lost. The Soviet Union developed the first socialist economy. For many years it had the only socialist economy and had served as the only model for socialist development until the relatively recent emergence of other socialist states. Thus, if the Soviet Union appears to have become a capitalist state, one must ask why has such an aberration occurred? The answer would be that it happened because the Soviets were able to act in ways which resemble the actions of great powers. As already noted above, the Soviet Union's economic preponderance alone guarantees it a central role in influencing the economic development of Eastern Europe.

While power asymmetries seem to play a dominant role in determining the nature of relations between nations, one must not mistake these power asymmetries, or power itself, for an ideology which guides a country's behavior. Rather, it is seen as an alternative to ideology for explaining international relations. Preponderance allows national interest to replace ideological commitment in foreign affairs. Under such circumstances, ideology may be used to offer an ex post facto rationalizations for a particular country's nationalistic actions, as the USSR did in formulating the Brezhnev Doctrine after the 1968 Czechoslovakia invasion. But it is purely
national interests which motivate a country into undertaking such actions and power asymmetries which allow such actions to take place.

In attempting to adapt dependency theory to Soviet relations with Eastern Europe, several possible conceptual difficulties must be examined. The first is the historical nature of dependency. As discussed above, underdevelopment is not original or traditional, but the result of the evolution of the international capitalist system since colonial times. The industrialized nations of the West were able to fuel their own development through the exploitive relations of dependency, thereby generating the underdevelopment of satellite states. A possible criticism thus exists if when applying the dependency paradigm to Eastern Europe one does not show that Eastern Europe was not underdeveloped prior to 1945, that it has become underdeveloped since the Communist regimes took power, and the USSR has become more developed than its East European satellites as a result of this process. In other words, one would have to demonstrate that the 300 year evolution of the international capitalist system has been compressed and replicated within the 35 year history of socialist East Europe.

Such a criticism is not valid for two reasons. First, the concept that underdevelopment is neither original or traditional is not essential to the paradigm. What is essential is that the dominant Western countries were able to develop at the expense of satellite states. Whether or not those states were underdeveloped when dependency was originally established is not as important. Rather, it must be demonstrated that the dependency
relationship caused the development of a satellite to be significantly less that what it otherwise might have been. Thus, Brazil, South Korea and Taiwan can begin to emerge from the ranks of the underdeveloped nations while still remaining clearly in a state of dependency.

Second, dependency is not a historical process. Because the three phases of dependency are so distinct, they cannot be considered expressions of varying degrees of capitalism, but qualitively different forms of capitalism. Thus, a historical paradigm is inappropriate. Caporaso explains that:

Of course there are more or less discontinuous eras in the history of the global [capitalist] system, such as the slave colonial era, mercantile era, or the era characterized by the transnational mobility of technology and capital, but these eras are conceptualized as qualitatively different expressions of capitalism at the global level—not as variations (hence magnitudes) along a unidimensional continuum. Hence, hypotheses about relationships between the degree of dependency and dependent variables cannot be evaluated inside this [historical] framework, while propositions about historical qualitative transformations (e.g., from slave-plantation to mercantile dependency) can be assessed.95

The absence or presence of dependency before or after the current phase of dependency is irrelevant to the current existence of dependency. The present technological-industrial-financial phase of dependency is more conditioned by the changes in the international capitalist system than by any preceding forms of dependency.

While dependency may have gone through three distinct phases in Latin America over the past 300 years, this time frame is not central to the paradigm. Africa was freed from the yoke of colonialism relatively recently. The West did not enter
South East Asia until well after colonialism was ended in Latin America. Thus, even if dependency is a historical process, this does not automatically rule out Eastern Europe as another example of dependency relationships simply because of its short 35 year history under Communist rule.

Many will still argue that by taking dependency theory out of its historical context the paradigm is changed. I would like to think that the paradigm is simply better clarified, being stripped of another nonessential element, while at the same time adding a new perspective based on the different historical experiences of other regions. However, it is still unclear how far one can go in refining a paradigm before one abandons it altogether and creates a new paradigm. Perhaps dependency needs a new paradigm that can explain clearly related phenomenon.

The second major conceptual problem in trying to adapt dependency to socialist countries is the lack of a dynamic element inherent to socialism to explain why dependency has developed. The capitalist countries allegedly created dependency relationships out of economic necessity, yet a similar institutional cause of socialist dependency is not so easily postulated. Perhaps the answer is found if one accepts that the U.S. does not act out of economic necessity, but rather the idea that its security has been defined in a greater than physical sense. Thus, the dynamic element of dependency is not economic institutions, but preponderance.

At this point, it would be instructive to re-examine the Tucker quote with which this paper was begun in the context developed throughout this paper, changing the works "U.S." to
"Soviet," "capitalism" to "socialism," and "imperial" to "socialist":

If the answer to [Soviet] expansionism is not to be found in the objective forces generated by [socialism], it must be sought in the variety of motives that have always led preponderant powers to identify their preponderance with their security and, above all, perhaps, in the fear arising from the loss of preponderance itself. The belief that the loss of preponderance must result in a threat to the well-being of the collective, and this irrespective of the material benefits preponderance confers, is so constant a characteristic of [socialist] states that it may almost be considered to form a part of their natural history.

A final conceptual problem may lie in the fact that the dominant capitalist powers tend to import agricultural products and raw materials while the USSR is primarily and exporter of such commodities. But again, the actual make-up of international trade is unimportant, for it merely depends on the particular needs of the dominant economy. Even the U.S. imports a lot of manufactured goods and is the world's largest exporter of food. Yet few would argue that the U.S. is not a dominant power in the international capitalist system.

Much more remains to be done. The relations between the USSR and Eastern Europe must be examined in greater detail, with special attention placed on isolating the true significance of East European dependency on the region's developmental alternatives. In particular, a study must be made of the terms of trade between the USSR and Eastern Europe after 1965. Such a study would be valuable for several reasons. First, the current literature is extremely vague on this point. While terms of trade are alluded to by several authors, it does not appear that any detailed study has been completed over the
entire period for all traded goods. Second, such a study would help crystallize the third phase of socialist dependency still further. It would attempt to replicate the studies cited earlier by Kutt, Mendershausen, Pryor and Wszelaki. Data would be needed on the per unit price of each unit imported or exported as well as the quantity traded and the prevailing world prices for those goods traded. If the world price is significantly higher than the price the USSR pays for imports from East, exploitation would be present. Likewise, if the USSR is able to obtain prices higher than those prevailing in the world market for its exports to the CMEA member countries, exploitation would also be occurring. The conclusions of such a study would offer a quantitative measure of exploitation within the CMEA by the Soviet Union or any other member country. A spectral analysis of the specific inta-CMEA trade flows, by type of goods traded, is especially suited for attempting to show how the USSR has restructured satellite economies through changes in their specific imports and exports over time. This analysis seems lacking in earlier studies and could potentially help document the true impact of Eastern Europe's dependency on the Soviet Union. The area of study should also be expanded to include Soviet relations with China, Cuba, and the Third World. This study is only considered a starting point for further research and questioning of both traditional and not-so-traditional theories of international relations. Ultimately, it is a goal of this study to demonstrate that future research must not be clouded by ideological constraints and prejudices from either side.
Footnotes


2. Tucker (fn. 1), 64.

3. Tucker (fn. 1), 69.


9. Caporaso, "Introduction" (fn. 8) 2.

10. Bodenheimer (fn.3), 162

11. Sunkel (fn. 6), 356.


13. Bodenheimer (fn. 8), 164.

14. Markovitz (fn. 12), 94.

15. Frank (fn. 7), 111-112.
16. Bodenheimer (fn. 8), 163
17. Dos Santos (fn. 8), 117.


23. Wiles (fn. 18), 479-80

24. For a good discussion of both the predominance of bilateral trade within the Soviet bloc as well as its inherent tendency to limit the options of economically weaker trading partners, see C.H. McMillan, "The Bilateral Character of Soviet and Eastern European Trade," *Journal of Common Market Studies*, XIII (1975), 1-20.


29. See Jones (fn. 27), 221-226 for more complete analysis of the importance of influencing East European Communist Party membership.

30. Jones (fn. 27), 232-233, emphasis on original.

Realities (New York: Academy of Political Science, 1978), 74, views the Soviet "sociocultural threat" as the most dangerous of Soviet threats to Eastern Europe because of its gradual erosion of national identities and value systems. While the present author agrees in large part with this conclusion, Korbonski loses much of his credibility by claiming that this penetrating influence includes "such phenomenon as mass corruption, thieving, growing anomie in interpersonal relations, drunkenness and endemic absenteeism...because the Soviet sociocultural model...represents the lowest common denominator."

32. For a more general discussion with examples of these methods, see Jones (fn. 27), 223.

33. Jones (fn. 27), 222.

34. Jones (fn. 27), 221.

35. See Rakowska-Harmstone (fn. 31), 52-53 for these and other examples.


39. For an excellent summary of Soviet war reparations policies, see Goldman (fn. 37), 3-10. But since no official Soviet statistics are available, the actual import of Soviet war reparations can only be speculated.


42. Goldman (fn. 37), 10-11

43. Kohler (fn. 40), 358-359.


46. Barnet and Muller quoting a former U.S. Treasury Official (fn. 45), 277.

48. Soviet aid to Eastern Europe, amounting to approximately $3.5 billion between 1955 and 1965, was granted largely as a response to the increased political difficulties that the Soviet Union experienced in Eastern Europe between 1953 and 1956. See Goldman (fn 37) and Pryor (fn. 47), 152-3. One might hypothesize that price discrimination would be used to punish or reward satellite regimes. However, both Pryor and Mendershausen indicate that the correlation is more closely to "mutual trade dependency." Pryor (fn. 47), 152. Rather than being a "punishment" for recalcitrant behavior, higher degrees of price discrimination can more appropriately serve as a general gauge of overall dependency status.

49. Given the particularly sensitive nature of this incident, as well as the traditional secrecy surrounding the Soviet trade negotiation process, one can only speculate of the basis of available information. For the best summary of what is known about this incident, see "East German Suicide Held Protest on Soviet Pact," New York Times (December 8, 1965) 8; "Ulbricht Visited Soviet on Trade," Special to the New York Times (September 11, 1966), 27; and Goldman (fn. 37), 9.

50. Like the multinational corporations which have invested large amounts of capital and technology in the UDC's in order to guarantee their long term as opposed to short term profits, the Soviet Union here demonstrates a similar sort of rationality by sacrificing immediate short term gains for maximization of long term exploitation.

51. Rakowska-Harmstone (fn.31), 47

52. Jones (fn. 27), 222.

Plans Until 1980," Eastern European Economics, XV (Spring 1977) 25, for more on CMEA joint ventures.

54. N. Shmelev, "Is the Socialist Economy Autarkic? (A Reply to Bourgeois Critics)," Problems of Economics, XIX (January 1977), 8-9


56. Krause (fn. 53), 50


58. Wiles (fn. 18), 373.


60. See Stanislaw Wasowski, "Economic Integration in the COMECON," Orbis, XVI (Fall 1972), 766 and Rakowska-Harmstone, "A New Stage" (fn. 31), 47.

61. See Abonyi and Sylvain (fn 26), 132-154, for an excellent article which attempts to demonstrate that CMEA integration will enhance Soviet domination of Eastern Europe by drawing parallels between East Europe and Third World economic integration. While the authors discuss the condition of dependence which has resulted in East Europe, as well as the presence of a "penetrated elite," their analysis is insufficient form the current author's perspective for several reasons. Explicitly using Caporaso's definition of dependence, the authors are implicitly excluding as a possibility the condition of dependency in Eastern Europe (see fn. 11). The essential role of the "penetrated elite" in creating and maintaining dependency relations is also insufficiently emphasized. Nor is much discussion given to the reasons behind the Soviet Union's ability to so dominate its Eastern European satellites. Thus, while both Abonyi and Sylvain and the current author may at first appear to be discussing the same concept, in reality they are no, Abonyi and Sylvain choosing instead to be more descriptive in their presentation of the symptoms of dependence rather than the dynamic causes and consequences of dependency.


63. Abonyi and Sylvain (fn. 26), 153.

64. See Jamgotch (fn. 38), 417; Jones (fn. 26), 222; and Rakowska-Harmstone, "A New Stage" (fn. 31), 10.

65. Wszelaki (fn. 47), 442.

66. See Bonyi and Sylvain (fn. 26), 144 and Rakowska-Harmstone "Part II" (fn. 36), 83.
67. Abonyi and Sylvain (fn. 26), 153


69. See Milan Bartos, "Yugoslavia's Struggle for Equality," Foreign Affairs, XXCIII (April 1950), 420-440; Clissold (fn. 68); and Demeatre (fn. 27), 234-257.

70. Clissold (fn. 68), 44.

71. Quoted in Clissold (fn. 68), 246.

72. Bartos (n. 69), 428; see also Jones (fn. 26), 218.


74. Zinner (fn. 73), 34.

75. Ginsburgs, "Demise" (fn. 73), 798.

76. Ginsburgs, "Kadar" (fn. 73), 17.


78. Dubnik (fn. 77); 181-182.


80. See Dubnik (fn. 77), 183 and Jancar (fn. 25), 602.


82. See Dubnik (fn. 77), 183 and Jones, "Autonomy" (fn. 79), 602

83. Jones, "Autonomy" (fn. 79), 623-624.
84. Jones, "Autonomy" (fn. 79), 591-625. While Jones admits that his theory does not necessarily coincide with the dominant Western interpretation, the current author is forced to concur with his conclusions, at least to the extent that the loss of former control over the CPC was a major motivation for the invasion.


86. Demaitre (fn. 27), 256-257.


88. Mitchell (fn. 85), 204.

89. See Jones, "Soviet Hegemony" (fn. 27), 222 and Jamgotch (fn. 38), 417.


92. Guy J. Gilbert, "Socialism and Dependency," Latin American Perspectives, I (Spring 1974), 107-123, has concluded that while a dependency relationship had existed within the Soviet bloc during the immediate postwar period, no such relationship is now discernible. Gilbert reaches this conclusion, however, through a series of strawman arguments and mistaken assumptions. Confusing one mechanism for establishing a dependency relationship for the entire system for dependency, Gilbert very conveniently asserts that no dependency relationship could exist within the Soviet bloc because it is private foreign investment which is the cause of dependency and there is no private foreign investment capital in the Soviet Union. Implicitly implying that dependency could not have existed prior to the emergence of the MNC, Gilbert misses the critical element of dependency theory: the internalization of external influences through an infrastructure of dependency. Gilbert addresses the concept of a denationalized elite by arguing, unconvincingly, the semantics of a "clientele cast" as opposed to a "clientele class" which characterizes traditional dependency theory. While Gilbert's distinction between a "cast" and a "class" is dubious, any distinction also seems irrelevant given that Gilbert himself
concludes that "more importantly, the clientele castes depend upon the Soviet ruling elite to insure their privileged position" (p.119). Given that "Soviet advisers and planners no doubt played a central role in formulating the East European national economic plans" (p.111), a denationalized elite is almost redundant and obsolete as an institution for establishing dependency relationships in any event.

93. See Bodenheimer (fn. 8); Dos Santos (fn. 8); Frank (fn. 7) and Sunkel (fn. 6).


95. Caporaso, "Introduction", (fn. 8), 3.

96. It should be noted that such further research will undoubtedly encounter the same difficulties as the current study. Among them were: a general lack of data concerning key aspects of Soviet-East European relations, an ideological zealotry on the part of many authors which severely limited their objectivity, incomplete and incorrect footnote citations, a lack of adequate supporting documentation in many works, and the duplication of essentially identical articles in different journals.

97. See (fn. 53)

98. See (fn. 47)

99. For a well-researched summary of early Sino-Soviet relations before their ideological split, as well as Soviet economic relations with the Third World, see Goldman (fn. 37). Soviet/Cuban relations are examined in Richard R. Fagen, "Cuba and the Soviet Union, "Wilson Quarterly, II (Winter 1978), 69-78.