Foreign Office Memorandum, ‘Soviet Economic Policy in Eastern Europe’, 20 February 1946

MEMORANDUM

SOVIET ECONOMIC POLICY IN EASTERN EUROPE

[1.] The considerable volume of available evidence seems to show that the Russians have evolved, and are systematically putting into practice, an economic policy of their own, in Eastern Europe; namely, its integration into their own system of planned economy, in much the way that the Nazis tried to integrate the same area into German economy before the war.

2. The main motive force behind this policy is not so much the desire to plan and to develop coherently the economics of the countries concerned, so much as an acute consciousness of Soviet economic weakness, as a result of the war, and a determination to restore the Soviet economy as rapidly as possible, even at the expense of these countries which, but for Russian sacrifices, would still be under the German yoke. This policy includes the wholesale removal of capital equipment, and deliveries to the Soviet Union of goods at prices far below those obtainable elsewhere, and often, below the cost of production. Soviet policy in Eastern Europe is thus creating a series of small economies, working largely for the benefit of the Soviet Union, and isolated so far as possible from the outside world, and even from each other, save for gifts from the UNRRA[[1]](#footnote-1), and the minimum flow of goods needed to keep them from breaking down.

3. It would even seem that the Soviet authorities, true to the Marxist doctrine that economics are the basis of politics, are willing to relax their political control of these countries to a small extent, provided they can be sure of a less conspicuous, but as effective, economic domination.

4. Some outstanding examples of this activity are: the wholesale removal throughout the area of allied and enemy plant, from both allied and enemy territory (for instance, the stripping of the western territories of Poland, and the removal of allied machinery from the Romanian oilfields); the economic exploitation of Poland, which H.M. Ambassador at Warsaw[[2]](#footnote-2) and Mr. Mikolajczyk have called; “the principal danger to the independence of Poland”, (especially the diversion to the Soviet Union, at one-ninth of the international market price, of most of Poland’s coal production, some of which is actually resold at a large profit); and the trade and economic agreements with Romania, Hungary, Bulgaria, and even Austria, which aim at the domination of the economies of these countries by the Soviet Union. These examples could be multiplied.

5. The Soviet Government have not allowed themselves to be deterred from the systematic pursuit of this policy by the radical alienation of the peoples of Eastern Europe, whose affections they otherwise seem anxious to gain. It is, therefore, most unlikely that they will be brought to look with favour on European Economic Committees or organisations dealing with special commodities, such as coal, which could subject their plans to close scrutiny, and might even interfere with them. (Rail transport in Eastern Europe, the restoration of which the Russians need, but which they can hardly organise themselves, especially owing to the difference in gauge, is in a different category).

[TNA, FO 371/56830]

Keywords: post-war Eastern Europe

1. UNRRA – United Nations Relief and Rehabilitation Administration, est. 1944. [↑](#footnote-ref-1)
2. Cavendish-Bentinck, Victor Frederick William (1897 – 1990) – British diplomat and civil servant. Chairman of the Joint Intelligence Committee (1939 – 1945), Ambassador to Poland (1945 – 1947). [↑](#footnote-ref-2)