

Oil, Gas and Pipelines: New Perspectives on the Role of Soviet Energy during the Cold War

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Historians and specialists from eleven countries gathered in Zürich for a two-day conference in order to discuss the role of Soviet energy during the Cold War. The convenor, JERONIM PEROVIĆ (Zürich) pointed out in his introductory remarks that one key aim was to bring together two historiographical disciplines which still stood largely apart: Cold War Studies and Energy History. The task was to get a better understanding of the multiple ways in which energy, politics and power were connected over time and across borders, taking various national, institutional as well as corporate views into account. Perović reminded the audience to be careful not to interpret everything in a global context. The Soviet Union functioned according to its own logic, a logic which can only be understood in the country's specific cultural context and the particular political mechanisms at work within the Soviet Communist system. Yet if there was an area where the Soviet Union was always, in one way or another, connected to the outside world even during the heights of the Cold War, then this was, according to Perović, the area of energy, especially oil and gas. The guiding theme of the conference was thus to open up new perspectives on the Cold War by looking at energy and energy relations.

The first panel outlined turning points in Soviet energy policy decisions during and after World War II. FELIX REHSCHUH (Zürich) analyzed the reasons for the Soviet leadership's changes in its attitude towards fossil fuels during the 1940s and 1950s. In the interwar period, the Soviet planners had paid little attention to oil exploitation, but the Red Army's fuel needs during World War II challenged these energy choices fundamentally. However, it was only towards the end of the 1940s, as tensions between the blocs heightened, that planners finally decided to favor

the oil fields in the Volga-Urals-Region ('the second Baku'), located deep in the Soviet heartland, over Caucasian oil wells. NATALIJA EGOROVA (Moscow) demonstrated in her paper how energy considerations influenced Soviet foreign policy after World War II in the case of Iran. As Egorova argued, the intention of the Moscow leadership to control oil production in Soviet-occupied northern Iran contributed to tensions with the West, leading to the Iranian crisis of 1946. However, Moscow did not pursue the annexation of northern Iran to an enlarged Azerbaijan Soviet Socialist Republic. VIACHESLAV NEKRASOV (Surgut) looked into the interdependence of politics and energy during the Khrushchev period. He offered insights into the mechanisms of energy investment choices within the Soviet planning agency (Gosplan), using a 'funnel of causality' to explain its decision-making. Nekrasov identified a shift towards decentralization, professionalization, and an increasingly global orientation of decision-making as characteristics of the Khrushchev era. The commentator of the panel, TANJA PENTER (Heidelberg), underlined that the success story of Soviet oil production was accompanied by high human and environmental costs.

The second panel focused on Western perspectives on Soviet oil exports. As NIKLAS JENSEN-ERIKSEN (Helsinki) argued, the increase of Soviet oil extraction and exports between 1955 and 1965, as well as the UK embargo of 1959, fueled institutional debates about Soviet imports within Britain. Jensen-Eriksen underlined that these debates were not so much driven by strategic, rather than domestic economic considerations. Although the British Ministry of Energy was keen to protect the country's oil producing companies, the Board of Trade was interested in importing cheap 'red oil' in order to support the British manufacturing industry. ROBERTO CANTONI (Manchester) looked into NATO's internal debate on the real and perceived Soviet 'oil offensive' in the early 1960s. Soviet efforts to increase oil exports to the West using its Druzhba pipeline project was seen as a means to expand political power and influence, particularly by the US. Conversely, European governments saw a chance to stim-

ulate their economies by purchasing low-priced Soviet fossil fuels in exchange for technology. Accordingly, the US-enforced embargo against the shipment of steel pipes to the Soviet Union in 1962 was soon to be undermined by several Western countries. JUSSI HANHIMÄKI (Geneva) then raised the question whether a bipolar Cold War logic blurred the view of NATO strategists, with regard to a hypothetical Soviet threat.

Even though the history of East-West energy cooperation is intriguing, the international history of Soviet oil and gas exports needs to be enriched by an intra-bloc perspective, a point made by the presenters in the third panel. As MARGARITA BALMACEDA (New Jersey/Cambridge, MA) observed, Soviet energy exports to member states of the Council of Mutual Economic Assistance (CMEA) created a legacy of dependency that continues to have an impact on contemporary international relations and politics. Furthermore, major problems of post-Soviet countries such as non-transparent book-keeping practices, far-reaching responsibilities of energy companies and the reliance on cheap energy have their roots in the common Soviet past. FALK FLADE (Frankfurt/Oder) explained how economic and non-political factors were predominant in intra-bloc discussions on the construction of the transnational Druzhba pipeline, which connected the Volga-Urals region with CMEA member states. A growing reliance on oil in the communist satellite states was expected from the late 1950s, caused by higher demand in the agricultural and heavy industry sector. A pipeline seemed to be the only way of sustaining a sufficient supply of energy from the USSR to its allies. The Soviet Union thus subsidized the struggling Eastern European economies by delivering oil at a much cheaper price than the world market price. The ensuing fighting about the pricing mechanisms within CMEA in the 1960s and 1970s was the subject of the paper presented by SUVI KANSIKAS (Helsinki). She showed how Eastern European states used their veto right in the CMEA to thwart Soviet attempts to change the energy pricing system. It was only in 1975 that the USSR and its CMEA partner states came to an agreement, which took increased

world market prices for oil into account. Kansikas demonstrated that seeing the CMEA as a mere tool of Soviet influence over its Eastern European allies is in fact quite reductionist and in need of revision.

While the first day of the conference was characterized by the question of managing energy abundance, LORENZ LÜTHI (Montreal) launched the second day of the conference by looking into the energy crisis within CMEA, caused to some extent by Soviet supply problems. As Lüthi demonstrated, the USSR faced severe oil extraction shortages in the 1970s. The decrease of energy supplies to Eastern Europe coincided with a broader disintegration of CMEA and a growing orientation of its member states towards the West and the International Monetary Fund. The crisis in Soviet oil output was countered by Brezhnev's Western Siberian gas campaign and the construction of the 'Soiuz' gas pipeline in the late 1970s. DUNJA KREMPIN (Zürich) showed how internal Soviet discussions about the development of the gas-rich Western Siberia led to comprehensive negotiations with Western European, Japanese, and even US companies and governments. But not all within the Soviet Union favored cooperation with the West: while some feared that the exploitation of the vast gas resources would be ecologically disastrous and economically unsustainable, others dreaded the perspective of their country becoming increasingly dependent on the capitalist West. Thus, in order to support the project, Brezhnev himself toured the region and the Soviet media launched an intensive propaganda campaign in favor of Siberian energy. GALINA KOLEVA (Tiumen') gave an overview on the rapid development of the Tiumen' oblast' from a vast and 'empty' space to an industrialized area. The Western Siberian campaign not only boosted the exploitation of gas resources, but created jobs for thousands of workers in the process. As Koleva pointed out, the Western Siberian campaign transformed a former periphery to a new industrial center and leader in oil and gas production.

Panel 5 dealt with East-West energy relations. RÜDIGER GRAF (Potsdam) contrasted current discursive framings of the role of energy in today's 'New Cold War' with the dis-

cussion during the Cold War. Graf concluded that contemporary newspaper headlines are at odds with Cold War realities. Energy was rarely an aggressive tool of Cold War politics, but rather a 'softener' of international relations. The interpretation of the Cold War and the 'New Cold War' as driven by conflicting interests over resources can be attributed to a lack of alternative explanatory models after the collapse of the Eastern bloc. Similar to Graf, PER HÖGSELIUS (Stockholm) differentiated between 'imagined' and 'real' energy weapons, the latter of which he defined as an intended disruption of supply. A hypothetical energy weapon is formed by discourse and fears, rather than by an actual threat, and often turned out to be more powerful than an actual disruption of supply. DAVID PAINTER (Washington, D.C.) explained how such imaginary threats are being described by some US historians of the so-called 'Reagan Victory School'. They perpetuated the idea that the Soviet Union was economically crushed by the steep decline of oil prices in the 1980s, which was intentionally induced by the US and its Saudi Arabian allies. This concept of a geostrategic conspiracy is, as Painter argued, much more myth than economic reality. In fact, it was the high oil prices of the 1970s and the resulting increase in exploration and production which led to the drop of the oil price in the 1980s.

By looking into cooperation between West European companies and the Soviet Union, the last panel of the conference added an important aspect to the discussion. ELISABETTA BINI (Trieste) portrayed Italy's national energy company 'Ente Nazionale Idrocarburi' (ENI) as being skillfully managed between the political front lines of the Cold War. While Italy was importing Soviet oil and gas in increasing volumes throughout the 1960s and 1970s, ENI managed at the same time to conclude advantageous contracts with Middle Eastern countries as well as with NATO member states such as the Netherlands. As Bini argued, ENI's management played on the American fear of an Italy dependent on Soviet energy, the Soviet wish to barter oil for Italian pipelines, as well as the perception of ENI as a non-colonial, neutral energy company in the Middle East. ALAIN BELTRAN

(Paris) and JEAN-PIERRE WILLIOT (Tours) demonstrated how the case of France differed from Italy due to the low importance of gas in the French energy mix. Still, the state-owned company GDF (Gaz de France) imported Soviet gas in increasing volumes from the early 1970s onwards. For GDF and the Pompidou administration, Soviet energy was welcomed as a means of lowering the dependence on Middle Eastern gas, even though such a move was opposed by the US. The final speaker, OSCAR SANCHEZ-SIBONY (Macau) shed light on Soviet motives for cooperating with Western European and Japanese companies. He explained the nature of Soviet foreign trade as a development from barter towards a compensation trade based more and more on cash during the 1970s. Japan and Western Europe were supplying capital for diameter pipes, paper mills and the like to the Soviets in exchange for long term compensation in material goods. This appropriation of Western capital to build their industry not only led to high ambitions among Soviet planners, but also accelerated the integration of the Soviet economy into the global financial system. GIACOMO LUCIANI (Geneva) in his commentary emphasized that actors like ENI or GDF had hardly any political agenda, but based their alliances on economic profitability.

Based on the conference presentations it becomes clear that the Cold War and energy are indeed interconnected stories. This was evident not only from presentations dealing with energy relations across national borders, but even from those analyzing domestic issues of Soviet energy. The various energy campaigns from Stalin to Brezhnev can be better understood taking into account the broader international context. Another deduction is that the Soviet Union was a rather reluctant energy power. Considering only official statistics, the story of Soviet energy is a story of success. In real politics, however, the issue of energy was a burden, rather than an asset. The wide-spread perception in the West about the Soviet Union using energy as a weapon is at least partly misleading and in need of revision. Also, the view that Soviet energy policy was generally driven by an expansionist geopolitical agenda ignores the fact that the Soviet Union repeatedly faced domestic

energy crises and aimed at cooperation with Western companies and states as a way to overcome them. In the words of Rüdiger Graf, in East-West relations, energy was not so much a cause of tension and confrontation, but rather a political 'softener'. In sum, the conference represented an important and pioneering endeavor to approach Cold War energy questions and the role of Soviet oil and gas in a comprehensive manner. A publication of the results of this conference would certainly be desirable.

Conference Overview:

Introduction

Jeronim Perović (University of Zürich), Cold War Energy Dimensions and the Role of Soviet Oil and Gas

Panel 1: Soviet Energy Policy Considerations During and After World War II

Chair: Jeronim Perović (University of Zürich)

Felix Rehschuh (University of Zürich), Rise of „Second Baku“: The origins of the Soviet 'Oil Campaign' in the 1940s/1950s

Nataliia Egorova (Institute of World History, RAS, Moscow), The Energy Factor and the Iranian Crisis, 1945-1946

Viacheslav Nekrasov (Surgut State Pedagogical University), Gosplan and Problems of Investment Choice in the Soviet Energy Sector: Evidence from the Electricity and Oil Industry, 1956-1965

Commentator: Tanja Penter (University of Heidelberg)

Panel 2: Soviet Oil Offensive and Western Reactions

Chair: Andreas Wenger (ETH Zürich)

Niklas Jensen-Eriksen (University of Helsinki), „Red Oil“ to Britain: Threat or opportunity?

Roberto Cantoni (University of Manchester), Transnational reactions to the Soviet oil offensive in the early 1960s

Commentator: Jussi Hanhimäki (Graduate Institute of International & Development Studies, Geneva)

Panel 3: Soviet Energy, Pipelines, and the

Control over Eastern Europe

Chair: Rüdiger Graf (Centre for Contemporary History, Potsdam)

Margarita Balmaceda (Seton Hall University/Harvard University), Creating Energy (Inter-) Dependences

Falk Flade (European University Viadrina, Frankfurt/Oder), The Building of the „Friendship“-Pipeline

Suvi Kansikas (Aleksanteri Institute, University of Helsinki), The Comecon in East-West Energy Relations

Commentator: Per Högselius (Royal Institute of Technology, Stockholm)

Panel 4: The Energy Crisis of the 1970s, and the Role of Siberian Energy

Chair: Nada Boškovska (University of Zürich)

Lorenz Lüthi (McGill University), The Energy Crisis within CMEA, 1960s to 1980s: Gas, Oil, Coal, and Nuclear Energy

Dunja Krempin (University of Zürich), The Siberian Gas Campaign under Brezhnev

Galina Yu. Koleva (Tiumen' State Oil University), The Role of Siberia in Energy Policy Decision-Making: The Case of Tiumen'

Commentator: Nataliia Egorova (Institute of World History, RAS, Moscow)

Panel 5: East-West Energy Relations

Chair: Hans-Henning Schröder (Freie Universität Berlin)

Rüdiger Graf (Centre for Contemporary History, Potsdam), From Détente to a New Cold War? Debates on Energy and East-West Relations since the 1970s

Per Högselius (Royal Institute of Technology, Stockholm), Energy Weapons Real and Imagined: Russian Natural Gas Exports in Historical Perspective

David Painter (Georgetown University, Washington D.C.), Energy and US-Soviet Relations in the 1980s

Commentator: Margarita Balmaceda (Seton Hall University/Harvard University)

Panel 6: Transnational / Corporative Dimen-

sions of Soviet Energy

Chair: Benjamin Schenk (University of Basel)

Elisabetta Bini (University of Trieste), A Challenge to Cold War Oil Politics? ENI's Relations with the Soviet Union, 1958-1969

Alain Beltran (Sorbonne, Paris)/Jean-Pierre Williot (Université François-Rabelais, Tours), The State-Owned Company GDF, Russian Natural Gas & the French Policy of Energy Supply Security

Oscar Sanchez-Sibony (University of Macau), Soviet Energy and Global Money after Bretton Woods

Commentator: Giacomo Luciani (Graduate Institute of International & Development Studies, Geneva)

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