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From one sphere of influence to another? Germany, Denmark, and Sweden in the post- Communist Central and Eastern Europe

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ABSTRACT

During and after the fall of the Soviet Block the three countries of Germany, Denmark and Sweden saw an opportunity to increase their influence on the region that centuries before they had possessed. They did this through diplomatic support of the opposition and communication strategies and once the new countries were either independent or liberal democracies, they used their economic and political power to attract them. This was done by buying and investing in the new privatized assets of these countries, soft power and in some cases diplomatic pressure. By this way Germany, Sweden and Denmark did not only got new investment hubs and markets for their products but also support in the Governance of the European Union.

FROM ONE SPHERE OF INFLUENCE TO ANOTHER?

GERMANY, DENMARK, AND SWEDEN IN THE POST-COMMUNIST CENTRAL AND EASTERN EUROPE

1. Introduction

For much of its history, Central and Eastern Europe served as the battle ground between Russia and Germany (plus Sweden and Denmark) in the Baltic, in defence but also economic and cultural matters. After Second World War, the Soviet Union took direct or indirect control over most of the region. However, from 1989 onwards this sphere of influence started to break showing an opportunity for Germany, Sweden and Denmark to recuperate some of the influence that they had lost decades ago.

This paper will firstly give a background on the history of the presence of Germanic and Scandinavian countries in Central and Eastern Europe. Then it will analyse the influence that Denmark and Sweden had on the independence and early post-communist period in the Baltic and the influence of Germany in the Visegrád countries after the fall of the Soviet Union. It will also briefly address the impact of these influences in the current state of the EU. The text will end with a conclusion.

The theory of this paper is that during the 1980s the foreign policy of Denmark, Sweden and Germany was concentrated on helping anti-Soviet movements, and after the fall of the Soviet Union its defence and economic strategy concentrated on transforming these places on their special area of influence.

In order to test this theory, the paper will use process tracing under a time span that goes from the 1980s until the early 2000s and also case analysis.

In order to prove or disprove these theories the paper will use academic papers about recent history in order to establish a clear order of events and be able to mark a clear line of cause and effect. It will also use quantitative data to see range on influence that German, Denmark, and Sweden have on matters like trade or FDI.

1.1. Background

Germany, Sweden, and Denmark were very present on the Baltic region and Central Europe since the early middle ages. This was partially on military and political bases but also on an economic and social perspective.

In order to understand the historical background of the influence of these nations in Central and Eastern Europe there is one important concept that should be mentioned: *Ostsiedlung* or *Eastern settlement*. Settlements by German-speaking population outside the Germanic countries were formed during the Middle Ages and they spread all over Central and Eastern Europe, reaching as far as Romania and even Siberia. Some developed into important and relevant cities such as Riga in the Baltic or Bratislava (a city that was founded with the name Pressburg). These settlements brought urban development to otherwise very rural areas, and also created a German urban elite that controlled most of the economy in these areas (Heather, 2009). These settlements would be used by Prussia and Austria to control majority non-German speaking areas and would continue to exist in some way or another until the end of WW2 (Haffner, 1980).

On the other hand, the Kingdoms of Denmark and Sweden fought against each other for the control of the Baltic for centuries. This was called *Dominium Maris Baltici* (control

of the Baltic Sea), a title that would eventually go to Sweden. During that time, Sweden would develop settlements that would increase the urbanisation of the area; it would also ally itself with the German speaking communities in order to control the area and maintain it outside the control of Poland-Lithuania and Russia. All of this would last until Sweden was expelled from most of its territory outside Scandinavia after the Great Northern War against Russia (North, 2016).

As of 1914 there was a clear status quo in the area with multi-ethnic communities and the territory clearly divided between Russia, Austria, and Germany. The First World War and the Russian Revolution would break this status quo. During these years Germany would create a series of puppet states in Central and Eastern Europe. With the end of the war these states would become full independent from Germany too.

Meanwhile in the Baltic the nations of Estonia, Latvia and Lithuania would start a series of wars to establish their independence. In those wars there was a very explicit support of Danish and Swedish volunteers. Around 200 of them fought in Latvia even though the total recruited forces amounted 2,000. On the other hand, 178 Swedish volunteers fought in Estonia. Germany also sent volunteers to fight in Lithuania against the Soviets (Parrott, 2002).

Eventually the treaty of Ribbentrop-Molotov in 1939 and the victory against Nazi Germany at the end of WW2 would give to the Soviet Union the control of all Central and Eastern Europe including a third of Germany (Lindpere, 2014). The new Communist regimes in Central and Eastern Europe would proceed with the total expulsion of Germans from their territories. With that Germany would lose all its influence in the region, which would become a sphere of direct Soviet influence. In 1970 the new Social Democratic Chancellor Willy Brandt would start the *Ostpolitik*, trying to re-establish diplomatic relations with the Soviet bloc countries. This is considered the beginning of anew influence of Germany in the area (Feldman, 2012).

All the while Denmark and Sweden tried to establish a policy of *Détente* and neutrality from the very beginning because of their proximity to the Soviet Union (Kuldkepp, 2016).

At the beginning of the 1980s, much like in the US, centre-right governments would rise in Denmark under Paul Schlüter and in Germany under Helmut Kohl, that started to become more confrontational with the different Communist regimes, even though Kohl would continue the recognition and diplomatic relations with East Germany. Meanwhile the regimes in Central and Eastern Europe would become more unstable resulting in more repression. An example of that was Poland that would be put under Martial Law in 1981. Under these circumstances a new opportunity was put on the table for the governments of Germany, Denmark, and Swede, to recuperate a bigger influence in Central and Eastern Europe.

2. The Baltic and Scandinavia

As said before, both Denmark and Sweden have a long history in the Baltic from the Middle Ages to the Wars of Independence in the Baltic. Therefore, towards the end of the Cold War some people in these countries started to think that it might be possible to help in some way, using economic and diplomatic means, to the resistance movements in Estonia, Latvia, and Lithuania. Once independence was achieved in 1991 the new question was what the role of Denmark and Sweden in the liberalisation process of these countries and their entrance in the EU would be.

2.1. The way to independence

2.1.1. *Denmark*

At the end of the 1980s, the policies of Denmark and Sweden could not be more different each other regarding the situation in the Baltic. Denmark had a centre-right government that was a harsh defender of Baltic independence and Sweden had a centre-left government supporter of *Detente* and not engagement policy with the Soviets. However, is not that simple.

The political situation in Denmark during the 1980s was very divisive and confrontational regarding foreign policy. The centre-right parties (the Conservatives and the Liberals) positioned themselves as aggressive defenders of Baltic independence and the centre-left parties (the Social Democrats and the Social Liberals) defended a more neutral and humanitarian position with the objective of not engaging in conflict with the Soviets. This forced most Danish MPs to position themselves as either a Hawk (defenders of Baltic independence) and the Doves (defenders of neutrality) (Olesen, 2014).

From 1982 to 1993 Denmark was headed at home and abroad by Prime Minister Poul Schlüter, of the Conservatives and Uffe Ellemann-Jensen of the Liberals. Both of these men were considered as the biggest example of “hawkism” in Denmark. At the beginning, they were forced to enact a more appeasement policy because of their coalition with the Social Liberals, but in 1988 they managed to form an all-hawk government (Olesen, 2014).

From then onward Denmark would actively engage in diplomacy and activism to restore the independence of the Baltic states. One of the first movements by the Danish government was the establishment of the Danish Cultural Institute in Riga. The Institute was opened with the help of the Latvian writer Jānis Peters and the Latvian Writers’ Union. Its objective was to serve as a political mechanism to approach Latvians—as well as Lithuanians and Estonians—to the Danish culture, by the means of music, language courses and movies, in order to culturally move them away from Moscow and closer to Scandinavia (Kļaviņš, 2016).

At the same time Denmark established information centres with the three Baltic republics that were still under the Soviet Union although with some degree of autonomy, following Gorbachev’s reforms. This would help them contact with governments in Western Europe and America. Through these centres of information Denmark would generously fund part of the democratisation and independence process (Kļaviņš, 2016).

Also, in 1990 the Danish Conservatives hosted an event in Copenhagen about the politics in the Baltic with the attendance of the foreign ministers of Estonia (Lennart Meri), Latvia (Jānis Jurkāns) and Lithuania (Algirdas Saudargas). During 1990 and 1991, Uffe Ellemann-Jensen would also engage in many declarations in international forums, like the UN or the European Parliament, in defence of the restoration of Baltic independence. The objectives of these actions were mainly two: raise awareness in more important countries like the US that could put pressure on the Soviet Union and raise awareness also among the Danish public so it would not elect a dovish government (Kļaviņš, 2016).

In 1991 Denmark was one of the first countries to recognise the independence and restore diplomatic relations with the Baltic nations. When a coup happened in 1991 in the Soviet Union against Gorbachev, Ellemann-Jensen offered to Jurkāns the possibility of establishing a recognised government in exile in Copenhagen, something that eventually was not necessary (Olesen, 2014).

2.1.2. Sweden

The case of Sweden was very different. Unlike Denmark, that did never recognise the annexation of the Baltic republics by the Soviet Union, Sweden was one of the first countries that accepted the annexation. In line with this, the actions of the Swedish Government were mostly passive, avoiding conflict with the Kremlin.

It might seem remarkable that Sweden would distance itself from the Baltic states considering that it had a very high profile during the Cold War in activism and humanitarian aid, especially during the premiership of Olof Palme, in countries such as Vietnam or Czechoslovakia, and the high number of Baltic refugees that Sweden took after the Second World War. However, this policy of doing anything possible to avoid conflict with Russia goes back to King Charles XIV (Kuldkepp, 2016).

There is also the ideological factor, which Sweden shares with Denmark but in a more radical way. The main defender of this position was the Swedish Social Democratic Party that completely controlled Swedish politics until 1976 and from 1982 to 1991 and that was very against the idea of joining NATO. But in the six years of opposition rule hardly anything changed, therefore it can be said that the situation in Sweden was held by “neutrality consensus”. This position created some controversies, like when Swedish Foreign Minister Sten Andersson declared in November 1989 that the Baltic was not occupied. Another example was when Sweden did not allow the Estonian government in exile to be based in Stockholm, forcing it to move to Oslo (Kuldkepp, 2016).

However, there were three factors that started to change the Swedish policy. The first was the appointment of Dag Ahlander as consul general, and Lars Fredén as second consul, in Leningrad. They were sent with the task of opening “Swedish offices” in Tallin and Riga and entering into contact with the Baltic independence movements. The second was the *coup d'état* attempt in the Soviet Union in August 1991. This event showed that the perestroika was not going to continue and either the Soviet Union returned to the state of pre-Gorbachev or the Soviet Union collapsed. The third event was the victory of the conservative Carl Bildt in October 1991. Until then the position of Sweden had balanced more neutralist and interventionist members, leading the Lithuanian nationalist leader Vytautas Landsbergis to characterized Sweden’s position as “strange”. Carl Bildt broke the traditional positions for a more active one defending the independence of the Baltic nations. Bildt’s position stated that the best way to avoid a conflict with the Soviet Union was weaking it. Bildt would also name Lars Fredén as its policy advisor for Baltic Affairs (Kuldkepp, 2020).

2.2. Building a new state

2.2.1. Defence

When the independence of the Baltic countries was achieved, the next step was to build a series of networking alliances in the region before the new countries could enter into NATO. In that sense Denmark played another important role, which also was briefly led by Uffe Ellmann-Jensen, since Denmark was the only Nordic state in NATO and the EU.

Since the beginning of the 1990s the Danish government started a series of initiatives and defence agreements with their Baltic neighbours. In 1991 Denmark started supporting the creation of autonomous self defence units in Lithuania and in 1994 it established a treaty of joint military cooperation with Estonia. The architect of these treaties was Hans Haekkerup, who became minister of Defence when the Danish Social Democrats arrived in power in 1993. These agreements were set up for military cooperation on planning,

training, equipment and eventually for cooperation in the field on peacekeeping missions. The purpose was that the new independent states could sustain their new gained independence (Pedersen, 2021).

The biggest role of Denmark however was to act as the voice of the Baltic States with NATO countries like the United States of America in order to establish treaties and cooperation agreements that would strengthen the Baltic position. Denmark also had the card of playing as small nation that would make its activities in the Baltic and its influence in the region much less frightening. This also led Denmark to achieve a military cooperation agreement with Poland before Germany (Pedersen, 2021).

There were however a series of problems that could not have been forecasted. For instance, after independence there was a generally aggressive tone from some political sectors in countries like Latvia to join NATO or the European Union, because of nationalistic and sovereign positions. At the same time not everyone in NATO was contempt of a fast acceptance of the Baltic nations, especially Estonia and Latvia, because of the various conflicts and tensions between the new governments and the big Russian minorities in their territories (Vollmer, 2011).

Another important factor during these years was the construction of the Council of the Baltic Sea States, an international organisation in the Baltic region that works in areas like regional identity, regional security and sustainability. This organisation was created in 1992 under the initiative of Uffe Ellemann-Jensen and Hans Dietrich Genscher, the German foreign Minister. The headquarters of this organisation would be in Copenhagen (Kristensen, 2011).

It was also very common to see Danish or even Swedish intelligence activities in the Baltic countries. After the fall of the USSR and the independence of the Baltic States, the successor of the KGB, the SVR continued do enact activities of espionage in the Baltic states, as stated by a report of the Danish Intelligence Service (PET) in 1992 and by a declaration of the SÄPO agent Mats Börjesson (Weller, 1998). Because of this both the SÄPO and the PET increased their activity in the new Baltic countries in order to gather information about Russia. To a lesser extent and because of the agreements previously mentioned the PET would also help to build-up the intelligence services of the new Baltic republics (Piotrowski, 2018).

2.2.2. Investment and soft power

Another topic very present when it comes to Scandinavian influence in the Baltic region is investment. The first and biggest investor on the new Baltic Republics is Sweden. Until the end of the 1980s Sweden was described as “Euro reluctant” because of its fierce neutrality and reluctancy to compromise with any other European nation. However, when Carl Bildt arrived in power in 1991, he changed most of the traditional Swedish positions, together with entering into the European Union and the rapprochement to NATO. However, one of its biggest moves would be the new Baltic Policy. Sweden could not give a lot of military support like Denmark but because of its much bigger economy soon would be adding direct investment to the Baltic economies. Denmark and Germany would also invest a lot in these regions. The three countries and Finland would be the main originators of FDI into the post-independence Baltic region (Olsson, et al., 2017). The biggest Swedish investments would be in Estonia, followed by Lithuania and finally Latvia. As of 2017, 28% of the Estonian, 19% of the Latvian and 24% of the Lithuanian FDI came from Sweden. This is a trend that began after their independence (Baltic States Unit, 2018). The biggest areas of FDI in the Baltic would be manufacturing, transportation and financial activities (Duran, 2019).

Sweden has also a great influence on the Baltic financial sector. This can be seen by the importance of the financial sector inward FDI stock of Sweden into the Baltic states, an amount that has been growing throughout the years. The total amount in 2019 was EUR 3,158 million for Estonia, EUR 1,845 million for Latvia and EUR 1,950 million for Lithuania. At the same time banks with substantial Swedish capital represent five of the Baltic major credit institutions and hold 78% of the total banking assets as of December 2016. However, this is not something new. Swedbank acquired the Estonian bank Hansabank in 2005 and SEB acquired the other Estonian bank Eesti Ühispank in 2000. These investments brought capital to the Baltic states even though many of their banks could not compete now with Swedish-led banking institutions.

Bildt would leave office in 1994 but his policies for the Baltic would continue in the following Swedish governments. This economic influence also had a political objective. In order to guarantee the competitiveness of its companies and profits from its investment Sweden needed that the governments of the Baltic enacted policies that favour those investments. To achieve this, Sweden used the first investments as a bargain, and it has cast its overall influence and soft power over many Baltic politicians, especially with Estonians (Jöeriüt, 2015).

In order to keep the people from the Baltic supportive and close to the European Union the Council of the Baltic Sea States created in 1992 the so called EuroFaculty. This was an educational institution on the fields of Economics, Law, Public Administration and Business Administration. With this Germany and Denmark wanted to change the mentality of the peoples of the Baltic away from Communism and closer to liberalism. The college was an initiative of Ellemann-Jensen, Genscher and EU Commission Vice President Henning Christophersen. The EuroFaculty had presence in the three capitals and proved to be huge success, attracting a lot of students. It finally closed in 2004 when the three countries joined the EU (Kristensen, 2011).

3. Germany and the Visegrád countries

Germany has always seen Central and Eastern Europe as its sphere of influence, even when most of this influence was lost after the Second World War and the prestige of the country in the region was basically non-existent. The Ostpolitik of Willy Brandt opened a new series of opportunities and after the fall of the Soviet bloc many of the new countries started to see Germany as a sponsor to leave behind the Communist past. The main architects of this new policy would be Helmut Kohl, who would occupy the German Chancellery from 1982 to 1998, and Hans Dietrich Genscher, who would head the German Foreign Ministry from 1974 to 1992.

3.1. Germany and the new democracies

3.1.1. *Germany and Poland*

The country that was considered a priority by Germany when it came to influence in the European post-Communist region was Poland. The history between the two countries during the first half of the 20th century led to great deal of animosity between Berlin and Warsaw. However, Kohl and Genscher tried to do the same thing with Poland that Adenauer did with France and transform a past animosity into a friendship.

Before the fall of Communism, Kohl's Christian Democratic Union (CDU) maintained contacts with the opposition Solidarity movement of Poland before achieving power in 1982; after Communism fell in Poland in June 1989, Kohl was one of the first statesmen

to visit the country, three months later. The visit led to a series of bilateral agreements on an array of topics that would achieve the “*full normalization*”: youth exchange; science and technology; health and medical sciences; promotion and protection of investments; the environment; land, forestry, and agriculture; culture and information technology; ministerial consultations, and creation of consulates in Krakow and Hamburg. The June 1991 Treaty on Good Neighborliness and Friendly Cooperation would increase even more the cooperation between both countries (Feldman, 2012).

Germany also assured Poland a series of defence agreements before its entrance in NATO could be achieved. This was done through the so called “Weimar Triangle”. This agreement pretended to help Poland get out of Communism and was formed by Germany, Poland, and France. Its first meeting happened in Weimar in 1991 between Genscher, Polish Foreign Minister Krzysztof Skubiszewski and French Foreign Minister Roland Dumas. In 1992 this agreement guaranteed Poland a special status with NATO (Płóciennik, 2020).

The WWII memories did not seem to have impact the Polish attitude that mostly welcomed the German unification since that it will mean the recognition of the German-Polish border.

3.1.2. Germany and Czechoslovakia

Germans also tried to solve the grievances between Germany and Czechoslovakia and developed a stable diplomatic friendship, which was helped by the fact that the Soviet invasion of 1968 had made the Czechs and Slovaks more negative towards Moscow.

However, the rapprochement was not easy: on the German side there were grievances about the expulsion and attacks against the Germans from the Sudetenland, meanwhile many Czechs still were resented to Germany from the many atrocities of the German occupation during WWII. The issue got solved when both side apologies to the other for the damage caused (Feldman, 2012).

After the Velvet Revolution in December 1989 a new democratic regime rose headed by Václav Havel. As a symbolic act German Foreign Minister Genscher and Czech Foreign Minister Jiří Dienstbier cut together the frontier wire at Rozvadov/Waidhaus in December 1989. Havel chose Munich as its first foreign visit in 1990. Later that year, German President Richard von Weizsäcker visited Prague. On February 27th, 1992, Kohl and Havel signed the Agreement on Neighbourliness and Friendly Cooperation, which established a new framework of cooperation and recognised the crimes each country committed against the other during WWII. Additionally, there were multiple agreements before (13) and after (30) the 1992 Treaty in a variety of policy areas such as transportation, investment or crime fighting (Feldman, 2012).

In 1993 military ties started to being forged, with an agreement on security policy, training, planning, and arms control; the following year both countries held joint manoeuvres. As in Poland there was a German interest of attracting the country slowly to the West until its entrance in NATO (Feldman, 2012).

3.1.3. Germany and Hungary

Unlike Poland and Czechoslovakia, the relationship between Germany and Hungary had mostly been cordial. Both countries were allies during the Second World War and even if Germany ended up invading the country in 1944 under Operation Margarethe the fact is that there are no wounds like the ones caused to Poles and Czechs, therefore both countries have maintained mostly a good relationship.

It also has to be said that when the Cold War came to an end Hungary had a bigger influence on the reunification of Germany than the role Germany played in the end of Communism in Hungary. In May 1989, the Hungarian government moved away the fence that blocked passage to Austria. This allowed thousands of East Germans to leave their country to go to Hungary and from there cross to Austria. This rapidly accelerated the German reunification. A year later Hungary would have its first democratic election (Valuch, 2014). Although the influence of Helmut Kohl did not help the Hungarian opposition, Kohl's leadership seems to have had an impact on the new generation of Hungarian leaders: Viktor Orban has even called him his mentor (Fischer, 2020).

The impact that Germany had on the newly independent Hungary was mainly economic. From 1990 to 1995 Germany invested a total of 5 billion marks in the form of loans and non-repayable aid, which at that time was considered a case of privileged treatment (Philips, 2000). Opel, Audi and Mercedes and other big German companies would start installing plants in Hungary too, furthering the development of the region (N.A., 2009).

3.1.4. Germany and Croatia

Similar to Hungary, Croatia has no historical feuds with Germany: both countries have a long story of close relationship and Croatia was the closest nation of Yugoslavia to Germany. Because of this both Kohl and Genscher wanted to make sure that Croatia was successful on his fight for independence in 1991. In order to do that Germany embraced itself on a diplomatic fight to assure the international recognition of Croatia as soon as possible (Lukač, 2013).

The Bundestag would start a process to recognise the new Republic of Croatia on September 1991 receiving immediate criticism by France, the UK and the Netherlands but the support of Italy and Denmark. These discussions would lead to a lot of tension in both the EU and the UN. However, it did not stop Germany from finally recognising Croatia the 19th of December 1991 and the European Union would do it the 15th of January. During the conflict Germany send huge quantities of humanitarian aid to Croatia and accepted Croatian refugees (N.A, 2011).

3.2. German economic influence

Germany is an economic powerhouse, being the fourth biggest economy in the World and the first in the EU. Since the end of the Cold War its area of influence has shifted to its east and nowadays it has a lot of trade and investment in the Central and Eastern European Region; apart from that many German companies have established factories in countries like Poland or Hungary since the 1990s (Germany, 2001).

Germany is the main trade partner of all of the countries previously mentioned. This trend started in the 1970s with the Ostpolitik but increased even more during the 1990s. Already by the mid-1990s Germany accounted for the 31,3% of all Polish exports and 26,6% of all its imports; 23% of all Hungarian exports and 28% of all its imports in 1995; 18% of Slovakian exports and 14% of its imports, and the same year it accounted for 37,6% of all the Czech exports and 31% of all its impots (Baun, 2014). Some scholars have accused Germany forcing a dependency situation into Central and Eastern Europe and establishing a hegemony; however, this dependency is rather mutual (Pellegrin, 1999). The Visegrád countries is one of the few region/countries which whom Germany has no trade surplus (the others being Italy, China and Russia). By 2014 both imports and exports from Germany to the Visegrád countries amounted around EUR 110 million. The integration of Visegrád countries into the German Central European supply chain can be indicated by the high prevalence of trade in intermediate goods (Farkas, 2016).

Germany also has a lot of prevalence in the region when it comes to FDI, being one of the main investors in the Visegrád countries, together with France and the Netherlands. By 2004 Germany accounted for 12% of the total FDI in Poland, 28% in Hungary, 21% in Czechia and 22% in Slovakia (Baun, 2014). The FDI started flowing massively after the end of the Cold War and it allowed German companies to establish subsidiaries in these countries.

For example, in the case of Hungary there are around 3,000 companies established there with German capital and some years after the end of Communism the German car companies Opel, Audi and Daimler established production plants there (Federal Foreign Office, 2020).

In the early 2000s one quarter of German FDI went into manufacturing in which automotive industry has special importance. As a result, this region, next to China, has become the world's fastest growing automotive production location. Though most of these companies are German their success greatly benefited local companies too in their respective areas, for instance the FDI in manufacturing produces a great deal of technological innovation which also help develop the industrial and technological capabilities of the Visegrád countries (Farkas, 2016).

This not only translated into huge margins for the German economy and the German companies but also into political power for EU decisions. Visegrád countries have been the supporters of German economic policy in the EU. Poland, the Czech Republic and Slovakia followed disciplined fiscal policies. Hungary was placed under excessive deficit procedure between 2004 and 2013 but Hungarian governments were not theoretical opponents of strict fiscal policy even in this period. The support of Visegrád countries (and of the CEE countries) took on significance during the 2008 global crisis, more precisely during the euro zone crisis when a deep split between “the North” and “the South” appeared. Visegrád countries were interested in stabilization of the euro zone and accepted German leadership (Farkas, 2016).

3.3. German soft power and cultural influence

Germany is economically powerful, it uses this card in multiple occasions to satisfy its interests, both inside and outside the EU. However, in order to maintain and increase its influence Germany has used different strategies mostly related to soft power, culture, and communication.

One of the main strategies use by Germany in Central and Eastern Europe has been lobbying. The German lobby is addressed to political decision-makers and young, promising leaders in the areas of politics, the economy, the media, and civil society. German political foundations are in charge of this kind of activity, through conferences and seminars, releasing publications, organising training events and research trips and offering grants (Gotkowska, 2010). By doing this German lobbies are able to achieve three results: First to convey the German positions on matters like foreign policy to politicians, media, and academia; second to build networks among politicians, journalists, and culture personalities (this is done specially with promising figures that might achieve more importance in the future), and third to achieve knowledge from the country's home and foreign policy (Gotkowska, 2010). There has also been a lot of contact between German political parties and Central and Eastern European political parties in order to increase regional cooperation and achieve influence (Gotkowska, 2010).

Development and cooperation with Eastern Europe are also used by Germany as a political instrument to increase its influence in the region. This is done by the coordination

of both public institutions (federal ministries, federal state institutions) and private and non-profit organisations. According to Justyna Gotkowska, Germany is most active in six strategic areas of development: economic consulting, support for the development of a banking sector friendly to small and medium-sized enterprises, agricultural sector, environmental protection and renewable energy, legal cooperation, and internal security. (Gotkowska, 2010). This aid has been unofficially used as a bargain for many political causes (Baun, 2014).

Germany has also used culture as a mean of soft power. The Goethe Institute has presence all over Central and Eastern Europe spreading the German language and culture and also building ties with peoples abroad. Then there is the German Academic Exchange Service (DAAD) and a plenty of German foundations that give scholarships and money to international students in order to help them with their education such as the Robert Bosch foundation (Feldman, 2012).

4. Analysis

The two different cases of the Baltic and the Visegrád countries plus Croatia show that Germany, Sweden and Denmark played an important role in ending the Communism in these countries and in helping them to become independent or free from the USSR dominion, and they developed an increasing presence in them after the Cold War, especially on matters of security and economy.

Even though these countries have been able to achieve democracy and economic success it seems that part of that success was due to the fact that Germany, Denmark, and Sweden were particularly interested on it either for political or strategic reasons. Germany needed a market for its growing exporting market; Sweden saw potential profits on the new independent nations, and Denmark planned to assure that that region would be stable and secured from Russian influence.

The impact of these three countries on Central and Eastern Europe also has implications at EU level. By establishing close connection with these countries, that to some degree might resemble an economic dependency, Germany, Sweden, and Denmark gain support for their policies within the European Council that is the final decision body of the European Union. A good example of this was the economic reforms supported by Germany in regard to the debt crisis. This has been particularly clear in the case of the Baltic republics with Denmark and Sweden, and the case of Croatia and Germany due to the fact that the independence of these countries is mostly owed to them.

When it comes to economics the situation assembles greatly to a situation of dependency, but authors differ if it could even be considered a hegemony. German companies own a lot of the economy and production of the Visegrád countries and the amount of Swedish FDI in the Baltic ties the three republics to Stockholm economically. However, these countries themselves also have developed a dependency from their influence in Central and Eastern Europe, since their success means profits from their investments and failure means losing their investments.

This paper wanted to check if Central and Eastern Europe had become part of something like a German-Swedish-Danish sphere of influence, however it did not explore on the impact that could have had on rise of parties like Law and Justice in Poland or the growing resentment of the ethnic Russian in Latvia and Estonia or even if the life under this new influence has ended up benefiting the quality of life of the people in these regions. This would need further research.

5. Conclusion

At the end it seems that what lies between the rivers Oder and Narva will be either an area of control or an area of influence of one of these powers. This influence is lighter than the dominion of previous centuries, and, in some way, it has had a beneficial impact: if today these countries are improving successfully it is mostly because someone abroad made it possible.

The objective weakness of these “new” nations, which is a consequence of historical reasons, has made them an easy prey for stronger and more established powers around them; until they become capable of overcome their weakness it seems that the situation will not change.

At the end it can be said that Central and Eastern Europe went from being the sphere of influence of Moscow to become the sphere of influence of Copenhagen, Stockholm and specially Berlin.

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