Counter-Intelligence in a Command Economy

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Abstract
We provide the first thick description of the KGB's counter-intelligence function in the Soviet command economy. Based on documentation from Lithuania, the paper considers KGB goals and resources in relation to the supervision of science, industry, and transport; the screening of business personnel; the management of economic emergencies; and the design of economic reforms. In contrast to a western market regulator, the role of the KGB was to enforce secrecy, monopoly, and discrimination. As in the western market context, regulation could give rise to perverse incentives with unintended consequences. Most important of these may have been adverse selection in the market for talent. There is no evidence that the KGB was interested in the costs of its regulation or in mitigating the negative consequences.

Keywords: communism, command economy, discrimination, information, loyalty, regulation, security, surveillance, Soviet Union.

JEL Codes: N44, P21.

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counter-intelligence. The agencies of the state that are assigned special competence in the sphere of struggle with the intelligence agencies of other states and the disruptive activities of the organizations and persons that they exploit. C[ounter-intelligence] is one of the instruments of the state's political power (Nikitchenko 1972, p. 142).

Introduction

Our ambitious goal is to describe the role of counter-intelligence in a command economy – that of the postwar Soviet Union. This topic does not appear in the chapter headings or indexes of textbooks on the Soviet economy or economies of that type, their economic history and development, or comparative economic systems.[1] It is absent from the numerous essays published by the United States Joint Economic Committee (1976, 1979, 1982, 1987) in periodic collections on the Soviet economy. Nor is it mentioned in the only readable, entertaining, and otherwise highly accurate novel ever written in English about the Soviet economic system (Spufford 2010).

Of course, such accounts often show awareness that the security agencies existed by making reference to their role in periodic mass arrests, forced migration and settlement, the use of detainees for forced labour, the repression of particular economists and statisticians, secrecy, and so forth. Not unrepresentative, however, are the late Alec Nove's (1961, p. 98) remarks on the significance of the security police and prosecution service for "inspection and control":

> Nothing needs to be said about them in the present context, despite their importance in Soviet life.

And then, in a footnote:

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[1] For example Allen (2003); Brus (1986); Campbell (1966); Davies, Harrison, and Wheatcroft (1994); Dobb (1948); Eatwell, Milgate, and Newman (1987); Ellman (1989); Gregory, and Stuart (1985); Gregoryand Harrison (2005); Hanson (2003); Hunter and Szyrmer (1992); Jasny (1961); Kaser (1970); Kornai (1980, 1992); Millar (1981); Munting (1982); Nove (1961, 1969, 1977); Rutland (1985); Schwartz (1968); Spulber (1964); Wilber (1969); Wilczynski (1970); Zaleski (1971, 1980).

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Large Soviet enterprises possessed, and probably still possess, a "secret department" staffed by secret police, which organized a network of informers. However, they were more likely to be roused by a disrespectful remark about Stalin than by, say, the overspending of the wage fund.

Something is missing, perhaps: what was the systematic influence of the agency responsible for state security on the overall allocation of resources? The omission is understandable, given that until recently the exercise of this function was entirely secret. Now that it is no longer secret, we aim to shed light on it.

An element may have been missing from the picture, yet the omission might turn out to be insignificant. Has past neglect of the counter-intelligence function of the Soviet "organs" of state security (the KGB and its predecessors) had any practical consequences? What, if anything, was lost from our understanding as a result? We will use the evidence to show two things.

First, we will find that the main function of counter-intelligence was to enforce security procedures throughout the Soviet economy, and this constituted a regulatory burden on the planned economy and command system. The economic literature on regulation in market economies tends to focus on the benefits to consumers from limiting market power and enforcing transparency and non-discrimination. Such benefits must then be balanced against the costs – the regulatory burden (e.g. Viscusi, Vernon, and Harrington 2005, p. 9). In the KGB we will find a regulator of a different kind. The KGB served a political master, not the consumer. Its job was to enforce secrecy, monopoly, and discrimination. In addition, there was a regulatory burden. These are new topics for comparative economics and economic history (but see Harrison 2013a, 2013b).

A second implication of our paper is that in future, when we write down the goals of the Soviet rulers for the economy, we should give more prominence to internal security. In this sense our study complements recent work by Vladimir Kontorovich and others (Kontorovich and Wein 2009; Harrison 2014) that aims to rectify past neglect of external security as a goal of the Soviet-type command economy.

The paper's evidence base is primarily documentation held in the Lithuania Special Archive of the KGB and also (on microfilm) at the Hoover Institution, California. This evidence has been available only since Lithuania gained independence and established control over the records of the KGB units that operated on its territory. We have also surveyed the

secondary literature contributed by Lithuanian historians on the KGB in the system of Soviet rule.[2]

The primary records that we use are from the period after 1953. Until then Lithuania was in a state of insurgency and the chief task of counter-intelligence was to prevent the armed overthrow of Soviet rule. After 1953, the state of affairs in Lithuania was normalized (by Soviet standards), and the functions of counter-intelligence in Lithuania also became "normal."

While the evidence base of the paper pertains to Lithuania, and many Lithuanians considered themselves to be in a state of colonial subjugation, the story in the evidence is not about colonial rule. It is about the working arrangements of Soviet rule in general. When the KGB responded to circumstances in Lithuania, it responded in the same way that it did everywhere, including in Russia.

In this paper we focus to a large extent on the 1960s. By that time the transition from Stalinist terror to the softer authoritarianism of later Soviet rule was complete. In other respects the sixties were a time of continuing political and economic transition. In politics the often chaotic regime of Nikita Khrushchev gave way to the relative order of Leonid Brezhnev and Aleksei Kosygin. In the domestic economy a "treadmill of 'reforms'" was already revolving (the phrase was coined by Schroeder 1979). Experiments in the withdrawal of food subsidies allowed prices to rise, triggering a scarring confrontation between the workers' state and the factory workers (Baron 2001; this is a central episode in the story of Spufford 2009). A regional devolution of industrial planning was cancelled, bringing the industrial ministries back under Moscow's control, but there were also measures to promote the independence of factory managers from ministerial oversight (Kontorovich 1988).

The outside world provided essential context for these developments. Across Europe the sixties saw related trends affecting young people in particular: they joined higher education in unprecedented numbers, and there was a flowering of youth culture, felt as strongly and with equal trepidation in East and West. Meanwhile, new models of communism were being promoted abroad, in China and Czechoslovakia.

The paper is organized as follows. A first section considers the significance of Lithuanian records for understanding the Soviet system of rule. The second section considers the preventive tasks and organization of KGB counter-intelligence in Lithuania. The third section describes the

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[2] Anušauskas (1998, 2003, 2008); Burinskaitė (2006a, 2006b, 2007, 2008, 2009); Grybkauskas (2007a, 2007b, 2008, 2009, 2010, 2011); Juodis (2009); Okuličiūtė (2006, 2007); Rahi-Tamm, Jansons, and Kaasik (2010); Streikus (2004); Tannberg (2010).

sphere of responsibility of the KGB department specifically responsible for counter-intelligence in the economy. Further sections describe the activities and results of the agent network, the KGB's role in management selection and promotion, and its interventions in economic emergencies. After that, we turn to KGB counter-intelligence as a channel of opinion and analysis to the authorities concerning the security impact of economic policies and policy reforms and we ask whether this gave the KGB privileged access to the making of policy. The final section concludes.

1. Lithuania: Soviet rule or colonial rule

While KGB archives in Russia remain closed for historical research, evidence from Lithuania and other newly independent states can provide a keyhole through which to peer into the Soviet past. Although fascinating in its own right, a keyhole is not unrestricted access. How far can we generalize from what is seen through the keyhole? Soviet Lithuania was a borderland and in some respects a colony. Does the keyhole show us Soviet rule, colonial rule, or the tyranny of distance?

The subjugation of Lithuania to Soviet rule took place in two phases. In the first phase, from 1940 to 1953, Lithuania fell under alternating Soviet and German military occupations. Lithuanian society was divided. Armies and militarized security forces battled each other and armed insurgents.[3] This was different from Russia's revolution and civil war, but not that different: communist rule in Russia also required a civil war, which was fought in two stages, from 1918 to 1920 for control of the towns and borders, and from 1929 to 1934 for control of the countryside.

From 1954 Lithuania entered a longer phase of civil peace. In the peaceful phase officials of the Lithuania KGB maintained a clear sense of their specific environment, based on Lithuania's location and history.[4]

Bordering the Baltic Sea and Poland (Figure 1), Lithuania was a strategic front line of the Cold War. With a distinctive history, culture, and language, Lithuania was of relatively recent incorporation into the Soviet Union (in substance Lithuania was incorporated twice, once in 1940 and a second time in 1944). While the KGB's internal language was always Russian, it could not rule Lithuania without quickly recruiting Lithuanians and others familiar with the language and alphabet. But first among the complicating factors that arose was the Lithuanians' living memory of national independence and statehood under "bourgeois Lithuania." Other

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[3] For vivid description see Reklaitis (2007), Statiev (2010); Weiner and Rahi-Tamm (2012).

[4] Burinskaitė (2011, pp. 25-26).

factors included a large Lithuanian diaspora and close family communications among residents and emigrants, the presence of former "state criminals" (the leaders of pre-Soviet Lithuania and the Lithuanian insurgency) who had survived and returned from imprisonment or deportation, and the activities of the Roman Catholic Church. Keen awareness of all these factors is shown in numerous status reports of the local KGB counter-intelligence.

One of many such reports is that of 31 January 1966. It lists the security risks specific to Lithuania: Its strategic location, the deployment of nuclear weapons (military facilities "of special importance") on its territory, the presence of important industrial and scientific facilities, the barely-suppressed memory of a free and independent Lithuania, the existence of a large nationalist emigration in Western Europe and North America, and increasing correspondence and direct contact through tourism between Lithuanians and foreigners, many with past family ties.[5] The report provides some measures. It gives the number of people maintaining correspondence with relatives abroad as 430,000 (one in seven of a 3-million population). There are 12,000 citizens claiming German ethnicity. The number "returning to the republic" (i.e. freed from imprisonment and exile to distant provinces after the death of Stalin) is given as 20,000, including 8,179 formerly active nationalists and pro-German collaborators, of whom 784 remain under surveillance. Also under current surveillance are 132 "former agents" of the imperialist powers.

While some security risks (such as the presence of members of the prewar generation) could be expected to diminish over time, others appeared to grow inexorably. In Table 1, we report figures on Lithuania's contacts with the West. Outward travel was severely restricted but growing rapidly. Visitors to the republic exceeded outgoing travellers by a large (though falling) multiple. By modern standards Lithuania was extraordinarily isolated; in 2011 Lithuania received more than one million visitors from the European Union countries.[6] Still, young people were always particularly interested in travel, adventure, new fashions, and new ideas, and there were always more young people.

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[5] Hoover/LYA, K-1/3/644, 1-22 (Spravka. From: Nachal'nik 2 upravlaniia KGB pri SM Litovskoi SSR polkovnik Obukauskas. Date: 5 January 1966).

[6] Reported in *Vakarų ekspresas*, 29 June 2012, at http://www.ve.lt/naujienos/ekonomika/ekonomikos-naujienos/uzsienieciai-pernai-lietuvoje-keliavo-daugiau-768088/ (accessed 10 September 2013).

To what extent does Soviet rule in Lithuania represent Soviet rule in general? If distinctive risks made for distinctive methods of rule, then Soviet rule in Lithuania might have been "otherwise different." Were Lithuanians regarded as unreliable to the point that they were ruled in some special colonial way that did not apply elsewhere?

If there was a clearly colonial element in Soviet rule, it was initially at the expense of access to power of members of the local population.[7] Figure 2 is based on a collation of data currently available on the proportions of local nationals in the Baltic KGBs compared with their proportions in the local populations. The figure shows the evolution of the local "nationality gap": the shortfall in the shares of local nationals in the Baltic KGB workforces compared with their shares in the resident populations. In Estonia and Latvia in 1953, at the end of armed resistance to Soviet rule, the gap was very large. In fact, KGB composition was mainly Russian. Simple mechanisms ensured this outcome. Regardless of their nationality and residence, KGB officers had to be party members; they could not have remained on occupied territory during World War II, and could not be closely related to emigrants or armed resisters to Soviet rule. In the Baltic region this automatically restricted the security service's local recruitment to a small pool.

Time passed, and the significance of the war and postwar insurgency should have receded. A reasonable test of the colonial status of the Baltic republics would be whether ethnic discrimination in KGB membership persisted long after the war. Figure 2 suggests convergence in both Latvia and Lithuania. In Latvia, where the proportion of resident Russians was high, the local nationals' share in KGB personnel converged rapidly to their share in the resident population. Convergence went more slowly in more homogenous Lithuania. Even in Lithuania, however, by the 1980s the gap was down to 5 percentage points. In this dimension, therefore, there was assimilation. Other dimensions might show different results, but this is the dimension that matters for present purposes.

Lithuania presented a number of heightened risks that Soviet rule addressed by various means, but the toolkit from which the KGB chose its instruments seems to have been no different from those prescribed elsewhere – in Ukraine, for example, or even in Russia. Everywhere, Soviet rule worked to a single template with little or no attempt at tailoring to local sensibilities: registration of the population; control of employment, promotion, travel and association; capture or suppression of all organizations and means of communication; mass surveillance and

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[7] On the evolving role of the Russian second party secretary in Soviet rule in Lithuania see Grybkauskas (2010, 2013).

continual monitoring of all the environments where people gathered to live, work, learn, and play; minimal or zero tolerance of deviations from political and social norms; and above all recruitment of local collaborators. The lack of adaptation and sophistication was an advantage; the template could be applied anywhere by people who could be trained for the purpose without being highly educated or cosmopolitan, and this is how it was applied across Central and Eastern Europe after World War II (Applebaum 2012).

If the template of Soviet rule worked anywhere, it worked everywhere. Sent to Kiev in 1970 to take over the Ukrainian KGB, Vitalii Fedorchuk contemptuously dismissed the idea of doing things the local way: "We work for the entire Union. There is no such thing as Ukraine in our work."[8] To such people, there was no such thing as Lithuania either. Much of the value of the records of Soviet rule in Lithuania lies, therefore, in what they can tell us about "the entire Union."

2. Counter-intelligence: Ends and means

In this section we discuss the ends and means of Soviet counter-intelligence, and the performance indicators used for self-evaluation.

2.1. Purposes

In continuity with its predecessors (from the Cheka of 1918 through the OGPU, NKVD, NKGB, MVD, and MGB), the KGB was the "shield and sword" of the Soviet state and communist party. How did this translate into measurable objectives for counter-intelligence? How did the KGB know when it was doing a good job, or when it was falling short? In a planned economy, everyone else had clear success indicators; why not the KGB? How did the KGB measure its own success? One might expect to learn this from KGB internal documents, yet this turns out to be quite a problem.

The measure of success in counter-intelligence cannot have been catching spies, for few spies were caught. As the Lithuania KGB's Colonel Juozas Obukauskas noted (in 1968):

> "Since 1958 we have not identified any cases of the undercover placement of hostile agents on the territory of the republic."[9]

But if the Soviet definition of counter-intelligence started with spy-catching, it went far beyond. "In socialist states," wrote the authors of the KGB's counterintelligence dictionary (Nikitchenko et al 1972, p. 143):

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[8] Quoted by Weiner and Rahi-Tamm (2012, p. 7).

[9] Hoover/LYA, K-1/3/663, 62 (Doklad, no date)

the functions of counter-intelligence are determined by the interests of the working people and are aimed at their defence from the *disruptive activities* of the intelligence agencies of capitalist states and the organizations and persons they employ (emphasis added).

The idea that enemy intelligence was engaged not only in intelligence gathering but also in ideological, political, and economic disruption had major implications. It meant a battle ground that extended from the secret core of the Soviet state but extended outwards to the hearts and minds of quite ordinary people. It also meant that the KGB had to look into everything and everyone. No one was so distant from the centre of power that the enemy might not use them to bring about disruption. No incident that disrupted the ordered flow of a planned economy and society was so trivial that the influence of the enemy might not be at work. It was the task of KGB surveillance to watch out for "processes that are essentially anomalous, that is, incorrect, deviating from the general rule of processes and phenomena," for anything that was "anomalous, that is, incorrect," could signal the presence of the enemy. [10]

The idea that the job of the KGB was to detect and suppress abnormal patterns of activity went back to the early 1930s, before the Great Terror, when Genrykh Iagoda headed the OGPU. According to Shearer (2009, p. 124-126, 130-133, 159-161), Iagoda was the first proponent of preventive policing. Early intervention rested on the prompt identification of abnormal signals. But what was normal? This could be determined only by systematic surveillance and high-frequency reporting. The continual aggregation of all signals of activity in every city or region would establish the normal or background level of political noise across the country. Only against this background could abnormalities be detected.

Possibly the KGB suffered from the goal indeterminacy that afflicts all public organizations with a preventive commission: How do you know you've prevented something that hasn't happened yet? How do you know you've done enough? And how do you justify the resources you have?

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[10] The words quoted are from Hoover/LYA, K-1/3/664, 14-23 (Spravka o zadachakh operativnogo sostava 3 otdela 2 Upravleniia KGB pri SM Litovskoi SSR po uluchsheniiu kontrrazvedyvatel'noi raboty na obsluzhivaemykh ob"ektakh. From: Nachal'nik 2 otdeleniia 3 otdela 2 upravleniia KGB pri Sovete Ministrov Lit. SSR podpolkovnik Matulionis. Date: 24 April 1968).

2.2. Resources and structure

What resources did the Lithuania KGB deploy for these tasks? Table 2 shows that throughout the 1960s the KGB employed fewer than 1,200 officers, servicemen, and civilian employees. (This was in a country with a population around 3 million at that time.)

The number of KGB operatives Vilnius formally tasked with counter-intelligence was smaller still; in the 1960s they were never more than 140. In Table 2 they can be found under the second administration and, from 1967, the fifth department. This brings us to the organizational structure of the Lithuania KGB, which had many complicated details that evolved over time and are not always easy to pin down. Figure 3 reports what is salient for KGB counter-intelligence in our time and place. (Appendix Figure A-1 puts this in the context of other KGB functions, but the result is not completely consistent with what we know.)

To summarize and also elaborate, at the beginning of the 1960s counter-intelligence was the remit of the KGB second administration. Until the 1967 reorganization the second administration had four departments. According to a document of January 1966, just before the reorganization, the four departments employed 134 operative staff.[11] The **first department** (41 operatives in three divisions) was responsible for countering the work of foreign intelligence agencies and those suspected of links with them, including foreign diplomats, reporters, tourists, and other citizens. It also covered work in border zones and in the neighbourhood of military facilities of "special importance" (this meant nuclear weapons).

The **second department** (47 operatives in three divisions) was responsible for exposure and suppression of anti-Soviet activities of nationalist and other hostile groupings among the former leaders of "bourgeois Lithuania," former insurgents, the Catholic Church, and intellectuals and young people. As Figure 2 shows, in September 1967 following a national initiative the second department was reorganized as an independent fifth department responsible for containing ideological disruption. Although no longer subordinate to the second administration, this was still counter-intelligence as before, but under another name.

The **third department** (26 operatives in two divisions) was responsible for work on the railways and air transport, important industrial facilities, research institutes, and civil defence organizations. It

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[11] Hoover/LYA, K-1/3/644, 39-47 (Spravka o 2-om Upravlenii KGB pri Sovete Ministrov Litovskoi SSR. From: Nachal'nik 2 upravleniia Komiteta Gosbezopasnosti pri Sovete Ministrov Litovskoi SSR polkovnik Obukauskas. Date: 31 January 1966).

also regulated the regime of secrecy; it gave or refused clearance for access to classified documents and employments, and it supervised foreigners when they were visiting economic facilities. The third department is at the focus of interest where the economy is concerned.

The **fourth department** (18 operatives) was responsible for penetrating hostile agencies and networks and disrupting the activity of circles linked with the nationalist emigration and the church. It was also supposed to investigate security leaks and propose measures to improve security.

The KGB was an élite organization, but this reflects the quality of its organization and training more than its talent pool. There was a strong emphasis on training and many officers had been through the KGB higher school in Moscow. Table 5 shows that most third department officers (responsible for the supervision of industry and transport) had college degrees, and all had experience of secondary schooling. This compares favourably with the wider Lithuanian workforce, less than half of whom had either higher or secondary experience according to the 1970 census only a few years before (TsSU 1972, p. 594).

In other respects KGB personnel often appear to have been fairly ordinary. No one should confuse them with *Smiley's People*. On the evidence of the written record, they did not do wit, irony, or literary or historical allusion. They showed no interest in sociological ideas or data collection and analysis. They showed human frailties. In 1966, for example, 19 employees were disciplined for negligence or amoral behaviour, and 21 in 1967; the equivalent figures counting officers only were 13 and 16. According to the official summary, a common feature of such cases was the abuse of alcohol, compounded by poor leadership and training.[12] A few years later, in a case of great national importance that showed little prospect of a local result, there were clear signs of shirking in the ranks (Harrison 2009).

The small number of KGB career operatives may be surprising, but should not be. The KGB was a core element of the system of power, both as a channel of information and as an instrument of unlimited power. A large KGB could have threatened the personal authority of the Soviet Union's rulers. From Stalin's time, Soviet rulers knew the value of keeping such organizations small and close, with a tight rein on budgets and personnel (e.g. Belova and Gregory 2002; Gregory 2009).

Even so, the true scale of resources available for counter-intelligence was much larger than these limited numbers would imply. As Table 2 shows, nearly 800 employees worked in the KGB's fourth (surveillance)

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[12] Hoover/LYA, K-1/3/663, 31-33 (Doklad, no date).

administration, its investigative department (which did the police work), its operational-technical department (which opened letters, tapped phones, and planted bugs), and its local departments in the municipalities and rural districts. All of these were available to support the second administration in its counter-intelligence roles.

To these numbers should be added the KGB's network of undercover agents and trusted persons. As reported in Table 3, there were more than 5,000 of these at the start of the sixties and more than twice that number a decade later. Most agents were affiliated with the KGB second administration (and later the fifth department) or with local KGB administrations; their affiliations are also described in Table 3.

One resource not listed in Tables 2 or 3 is the small numbers (between 8 and 10 throughout the 1960s and 1970s) of supernumerary operatives (vneshtatnye operativnye sotrudniki), usually officers of the KGB and Soviet Army reserves, that the KGB placed in the secure facilities that it supervised. [13] As described by Nikitchenko et al. (1972, p. 55), their role was to coordinate the agent network, enforce the regime of secrecy, assist with surveillance and interventions, and so on.

Table 4 puts KGB resources in Soviet Lithuania around 1970 in perspective. Lithuania's 12,000 officers and informers amounted to just under 4 per thousand of the resident population. The table offers two comparators, the Soviet Union in the mid-thirties and East Germany just before the collapse of the Berlin wall. Lithuania's modest figure is still slightly more than the 3 per thousand found for the Soviet Union in the 1930s. Both figures fall far below the Stasi's 17-per-thousand saturation of East German society in its final year.

We will see that the KGB economized on its scarce resources, not by spreading them evenly across a relatively dispersed and often rural population, but by concentrating on focal points such as secure facilities

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[13] Ten in 1964/65 based on LYA, K-41/1/644, 97-105 (Spravka o rabote 3-go Otdela 2-ogo Upravlenii pri Sovete Ministrov Litovskoi SSR v obsluzhyvaemykh objektakh. From: Nachal'nik 3 otdela 2 upravleniia Komiteta Gosbezopasnosti pri Sovete Ministrov Litovskoi SSR polkovnik Sudzilovskii. Date: 31 January 1966); 8 in 1971 from LYA, K-41/1/688, 147-154 (Spravka o rabote vneshtatnykh sotrudnikov KGB pri Sovete Ministrov Litovskoi SSR. From: Nachal'nik 2 upravleniia Komiteta Gosbezopasnosti pri Sovete Ministrov Litovskoi SSR polkovnik Naras. Date: 19 April, 1971); 9 in 1979 from LYA, K-41/1/755, p. 138a-148 (Spravka o rabote 3-go Otdela 2-ogo Upravlenii pri Sovete Ministrov Litovskoi SSR. From: Nachal'nik 3 otdela 2 upravleniia Komiteta Gosbezopasnosti pri Sovete Ministrov Litovskoi SSR polkovnik Grishechkin. Date: 10 February 1979). Published as "KGB slaptieji archyvai 1954-1991 m. Vilnius, 2011.

of industry and transport, colleges, research institutes, and other offices. With that allocation, 3 or 4 per thousand was evidently enough to keep Soviet society mostly quiet for most of the time. "Most of the time" may not have been good enough in the long run, but even the Stasi could not hold down East Germany forever.

2.3. Effectiveness

The first priority of the KGB was to prevent economic and political disruption. How to translate this into success indicators was far from clear. What were the units in which you could measure the KGB's "output"?

One might look for performance indicators in the regular KGB plans and reports of work done that were drawn up once or twice year. The general sense of these documents was to set out security risks and the measures taken to manage them. Security risks were measured by figures such as the number of former state criminals at large, the scale of contacts with foreigners, the activities of suspect organizations (including the Catholic Church), and the frequency of anti-Soviet manifestations of various kinds. The measures that managed them were the security resources (such as agent networks) deployed and the activities (such as operations and organizational measures) undertaken to counter them. Generally missing was the next logical step, that of evaluation. While the quality of KGB inputs and immediate results of KGB activities were regularly reviewed in annual plans and reports of work, there was little or no evaluation of their impact on the security situation, that is to say, their productivity.

What else might have served as a success indicator for counter-intelligence? Another way to think about this is suggested by higher-frequency status reports that itemized developments over previous days or weeks in a purely factual way under two headings: "events" (*proiavleniia*) and "alerts" (*signaly*).[14] The alerts were reports from

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[14] Several such lists appear in the files following the Kaunas disturbances of 1972. Hoover/LYA, K-1/3/793, 103-104 (Svodka operativnoi informatsii za 20 maia 1972 g. From: Nachal'nik informatsionno-analiticheskogo otdeleniia KGB pri SM Litovskoi SSR – maior E.K.Andriatis. Date: 21 May 1972); 105-106 (Svodka operativnoi informatsii za 21 maia 1972 g. From: Nachal'nik informatsionno-analiticheskogo otdeleniia KGB pri SM Lit. SSR – maior E.Andriatis. Date: 22 May 1972); 107-110 (Svodka operativnoi informatsii za 22 maia 1972 g. From: Nachal'nik informatsionno-analiticheskogo otdeleniia KGB pri SM Lit SSR – maior E.K.Andriatis. Date: 23 May 1972); 111-113 (Operativnaia svodka za 23 maia 1972 goda. From: Nachal'nik

agents, trusted persons, and others concerning anti-Soviet or subversive attitudes or behaviours they had witnessed. The events represented the translation of these attitudes and behaviours into action: for example, the destruction of Soviet flags or insignia or their replacement by those of "bourgeois" (i.e. independent) Lithuania; abuse of Soviet officials or communists or attacks on them; the painting of hostile slogans, the distribution of anti-Soviet literature, and so forth.

KGB officials clearly valued useful alerts; we will see that lack of alerts or their lack of content was a regular topic for complaints. On the other hand, events were direct evidence of disruption; they occurred when counter-intelligence had failed. From such documents one could infer a success indicator for the KGB: $\frac{alerts}{events}$. The higher the ratio, the more effective and more necessary was the KGB's role in gathering signals of the disruptive activity of foreign intelligence (in the numerator of the ratio) and suppressing their consequences (in the denominator). There is no evidence, however, that anyone in the KGB gathered data on trends in this sensitive ratio or used it for relative performance evaluation.

Like most organizations with elusive output, the KGB seems to have fallen back on measures of activity or case-load. As Table 6 shows, data were reported from time to time through the 1960s on a few such measures: verified alerts, cases (and persons) under investigation, and persons prosecuted. The numbers do not support an image of information channels crowded with signals and vigilant officers worn out by heavy case loads. In the latter sixties, as the dissident movement got under way across the country, the average officer of the Lithuania KGB was having to deal with a couple of signals during the year and was faced with perhaps one investigation. Prosecutions per officer were trivially low. In the course of a year only one in four agents and trusted persons was providing an alert that turned out to have operational content. Where the change in case load indicators over time is known, they were falling.

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informatsionno-analiticheskogo otdeleniia KGB pri SM Lit SSR – maior E.K.Andriatis. Date: 24 May 1972); 114-116 (Operativnaia svodka za 24 maia 1972 g. From: Nachal'nik IAO KGB pri SM Lit. SSR – maior E.K.Andriatis. Date: 25 May 1972); 117-121 (Operativnaia svodka za 25 maia 1972 g. From: Nachal'nik informatsionno-analiticheskogo otdeleniia KGB pri SM Lit. SSR – maior E.Andriatis. Date: 16 May 1972); 122-126 (Operativnaia svodka za 26 maia 1972 g. From: Nachal'nik informatsionno-analiticheskogo otdeleniia KGB pri SM Litovskoi SSR – maior E.Andriatis. Date: 27 May 1972); 127-130 (Operativnaia svodka za 27 maia 1972 g. From: Nachal'nik informatsionno-analiticheskogo otdeleniia KGB pri SM Lit. SSR – maior Andriatis. Date: 28 May 1972).

3. The economic world of the third department

The KGB unit responsible for counter-intelligence in the economy of Soviet Lithuania was the third department of the second (counter-intelligence) administration. In this section we describe the third department, its raison d'être, and its sphere of responsibility.

3.1. Raison d'être

Within the KGB second (counter-intelligence) administration, the 26-strong third department was responsible for industry, science, and transport. Its goals were implied more often than stated, but they are clearly set out in a plan of work for a later year, 1981:[15]

Exposure and suppression of the agent activity of the special services of the adversary.

Prevention of the collection of intelligence information by the use of legal possibilities and technical means.

Defence of state secrets.

Prevention of emergencies and of the occurrence of negative situations and processes in establishments of industry, science, transport, and communications.

Provision of defence of the economy and financial system.

Provision of security during the nineteenth congress of the communist party of Lithuania and the twenty sixth congress of the CPSU.

According to Grybkauskas (2009), the third department in Vilnius faced continual challenges to its existence. The USSR KGB typically established a third department for counterintelligence supervision of specialized defence industry facilities. But there were no such facilities in Lithuania. In Moscow, KGB officials were sceptical about the relevance of counter-intelligence operations in facilities of lower security classification, and were reluctant to approve the lists of secure facilities that Lithuanian officers put forward. The secondary justification onto which the Lithuania KGB fell back was the presence of large numbers of politically unreliable persons in the industrial workforce. Their case was

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[15] Hoover/LYA, K-1/3/760, 1-25 (Plan osnovnykh agenturno-operativnykh meropriiatii 3 Otdela 2 Upravleniia KGB Litovskoi SSR na 1981 god. From: Nachal'nik 3 otdela 2 upravleniia KGB Litovskoi SSR podpolkovnik M. Misiukonis Date: 20 December 1981).

illustrated by documents such as that reported in Table 7. The story in this table is that, as of the late 1960s, just under 2,000 persons meriting attention for one suspicious reason another were employed in the Lithuanian public sector. Typical of the KGB documentation of this type is the lack of analytical structure, so that people representing risks of very different types or for very different reasons are lumped together, including some ("Visited capitalist and developing countries as specialists") that might be thought entirely innocent. We'll consider markers of suspicion later in more detail.

Grybkauskas also observes some changes over time in the pattern of KGB supervision. In the 1970s the international climate became warmer. With greater East-West cooperation, he suggests, one might have expected KGB supervision of industry and transport to become less intense. However, KGB reports consistently detected heightened activity on the part of hostile forces and among foreign specialists. The implication is that the local KGB was protecting its resources.

Evaluation of the KGB's successes and failures in these activities is hard to find. Grybkauskas (2009, p. 111) considers that over time the KGB's methods of work became more effective and flexible, with less arbitrary interference in firm-level management, but it was always limited by a narrow security perspective.

3.2. Science and industry: the secure facilities

In this section we describe how the KGB regulated Lithuania's key economic installations. In science and industry there were several circles of secrecy, illustrated in Table 8. In the innermost circle was a handful of facilities designated "of special importance" (this normally had a defence connotation) or "closed." Beyond them was a much larger number of facilities that were considered important to the national economy (but not to defence). The numbers of plants in both these categories was growing quite slowly through the sixties, but their workforce was expanding rapidly – that of the closed facilities doubled between the early and late years of the decade. Finally there were transport and communication utilities (and fisheries, which involved sending ships and men to international waters), which were relatively slow-growing.

While we do not have public sector employment in Lithuania for exactly contemporaneous years, Figure 4 allows a visual comparison of the trends underlying Table 8. From beginning to end of the 1960s Lithuania's public sector workforce (i.e. just about everyone other than convicts and collective farmers) was expanding at more than 5 percent a year, but the first two categories of KGB-supervised employment were growing at least twice as fast. Also rising at the same rapid rate was the

number of staff in the closed facilities who were cleared for access to classified documentation.

What kinds of facilities came under KGB supervision? Elsewhere in the Soviet Union, the closed facilities "of special importance" would have been specialized defence factories but, as a relatively agrarian border province, Lithuania did not have any of these. (Leningrad was always a centre of the defence industry, and Estonia, which lay between Lithuania and Leningrad, had 14 specialized defence plants in 1984 according to Grybkauskas 2009, p. 97.) The nearest that Lithuania had was a handful of facilities engaged in intermediate production and subcontracting for defence, and these were the ones that formed the inner circle.

What was their general type? Table 9 lists them in a later year, 1978. All were engaged in electronics of one form or another, especially radio and radar. Seven (of 11) were in Vilnius, three in Kaunas, and one in Šiauliai. All were issued with coded mailbox numbers; that of KNIIRIT, the Kaunas Research Institute for Radar Equipment, for example, was "V-8574."

Codenames and mailbox numbers raised security only if those responsible for communications rigorously separated them from information that could link them to real names and addresses. As a result, the issue of codenames was associated with complex instructions to protect them. As security increased, usability declined – a pattern familiar to anyone with a password-protected bank account. This created the predictable risk of procedural workarounds and violations (Harrison 2013a is a case study from another context). The KGB third department's plan of work for 1967, for example, included a commitment "to carry out seminar activities focusing attention on clarification of the requirements of Instruction no. 00150-1965 and Statute no. 100-ss – 1965 'On the procedure for use of conventional and open nomenclature.'"[16]

The territories of the closed facilities were screened from regular traffic and secured by controlled access. Employees' workplace conversations were monitored and their contacts with visitors were restricted. Foreign visitors were excluded altogether or, if admitted, were

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[16] Hoover/LYA, K-1/3/654, 55 (Plan agenturno-operativnykh meropriiatij 1-go otdeleniia 3 otdela 2 upravleniia KGB pri SM Litovskoi SSR po usileniiu kontrrazvedovatel'nogo obespecheniia vazhnykh ob"ektov promyshlennosti na 1967 god. From: Zam. nachal'nika 3 otdela 2 upravleniia KGB pri SM Lit SSR – st. lejtenant Markunas. Date: 9 January 1967).

shown equipment and products designed to mislead, while secret activities were temporarily suspended (Burinskaitė, 2007, p. 101). [17]

Lithuania's outer ring of secrecy comprised a much larger number of facilities that were considered important to the national economy, although not to the military: 107 in 1968 (listed in Appendix Table A-1). They were by no means all government ministries or industrial plants. Detailed consideration puts them in five distinct categories:

- *Economic regulators* (3 facilities) were Lithuania's planning commission, branch of the USSR state bank, and statistical administration.
- *Science-based facilities* (34 facilities) provided R&D services or electronic products.
- *Location-based activities* (26 facilities) involved civil defence and border security (including ports and airports) and activities linked to resource exploitation involving cartography and aerial photography.
- *Network utilities* (37 facilities) supplied power, gas, and water, and railway, highway, mail, and cable and wireless services.
- *Heavy industry plants* (7 facilities) were such as shipyards and fertilizer factories.

These facilities were spread among nine urban districts as shown Figure 5. In a centralized society where cities, industries, and political power had common origins, it is not surprising to see the prominence of the capital city. Vilnius had a monopoly of the economic regulators, for example. It is also interesting to see the importance of Lithuania's seaport Klaipėda (for location-based activities) and a smaller town, Šiauliai, as an important railway node (and a staging post for missile troops headquartered in the town and deployed in the neighbouring woodlands).

Table 10 gives a sense of the distribution of KGB-regulated facilities relative to town size. It shows the proportions of KGB-regulated facilities in each category that are found in the five largest towns, divided by the proportion of urban residents of each town in 1970. Thus, in 1970 Vilnius accommodated nearly one quarter of all urban residents and nearly two fifths of regulated facilities, so the number that appears in the top left hand cell is approximately two fifths divided by one quarter, or 1.6: KGB-regulated facilities were 1.6 times more likely to be found in Vilnius than

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[17] Such visits could be made only by decision of the USSR Council of Ministers, after consultation with the KGB and armed forces General Staff. Hoover/LYA, K-1/3/670, 29-30 (Vypiska iz instruktsii o poriadke primeneniia Pravil prozhivaniia inostrantsev i lits bez grazhdanstva v SSSR. Date: 28 February 1969).

a randomly chosen urban resident. What is evident, then, is that KGB-regulated facilities were actually fairly evenly spread among the five towns, given their size, but with somewhat fewer in Kaunas (with a relative frequency of 1.1), and they were rather concentrated in Šiauliai (relative frequency 2.4).

Category by category, the table confirms that economic regulation and science was centred in Vilnius, location-based activities in Klaipėda, and network utilities in Šiauliai.

What did the third department aim to do in relation to these facilities when it supervised them? Its objectives are summarized in a plan of work dated March 1968:[18]

> To study more deeply the environment of the employees of enterprises and organizations who are bearers of important state secrets with the aim of potential exposure of persons trying to gather information of a secret character from them.

> Through the agent network and trusted persons, to carry out diligent verification of Soviet specialists visiting the capitalist and developing countries on lengthy assignments with the aim of exposing suspicious contacts in communication with the adversary's intelligence established during foreign visits on work assignments. To address particular attention to those specialists with access to state secrets.

Provisions of the plan for 1968 included the deployment of agents to carry out surveillance of military rail freights, the mail and telephones, left luggage facilities, foreigners, radio enthusiasts, stamp collectors, and the fishing fleet and merchant marine, and especially to build the agent network in the transport sector; and to prepare for events such as visits and exhibitions.

Another aspect of agent work was to take part in consciousness-raising among the workers:

> At the start of the mass tourist season (May) hold discussions among the collectives of the industrial facilities designated for display to foreigners about political vigilance and the struggle with the adversary's ideological diversions.

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[18] Hoover/LYA, K-1/3/664, 1-13 (Plan agenturno-operativnoi raboty 3 otdela 2-go Upravleniia KGB pri SM Litovskoi SSR ma 1968 god. From: Nachal'nik 3 otdela 2 upravleniia KGB pri Sovete Ministrov Litovskoi SSR podpolkovnik Akimov. Date: 4 March 1968).

For more detail we turn to a report from 1969 on the KGB regime in one of the closed facilities, the Kaunas radar research institute (KNIIRIT, listed in Table 9).[19] Founded 1958, KNIIRIT had 1,217 employees at this time. KNIIRIT is described as open, but with some closed units working on defence contracts; there was armed security and a special warehouse for the storage of secret items.

The report lists the main security risks and assets in KNIIRIT. On the risk side, hundreds of people were cleared for access to secret documentation. Even at a small, part-time defence contractor, twelve persons had the highest clearance ("form 1," controlling access to top secrets "of special importance"); 192 had "form 2" (top secret), 71 "form 3" (secret), and 121 "form 4" (confidential). There was a substantial flow of classified correspondence: roughly one hundred items per month (counting both in and out) during the year to October. This in itself was a risk because, as other correspondence shows, simple instructions designed to ensure secure correspondence among the numbered enterprises were often ignored. The main risk was that, without the proper classification, secret telegrams could be transmitted and intercepted by Western radio.[20]

Because KNIIRIT was a small link in a complex supply chain, its employees were continually in contact with outside suppliers and purchasers and external visits were frequent, around 200 per month (again counting both in and out). Among the staff were persons who had visited capitalist and socialist countries on exchanges and as tourists; some had family ties and had met family members abroad or received them as visitors. While Kaunas was closed to foreign tourists at that time, foreign specialists could and did visit from Britain, France, and Italy while delivering imported equipment, and were therefore in a position to gather information.

What else did the KGB do when it regulated these establishments? It frequently inspected the conditions of storage and handling of secret correspondence (described by Harrison 2013b). It vetted employees for security clearance; we discuss this separately below. It looked into all

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[19] Hoover/LYA, K-1/3/668, 120-124 (Spravka. From: Nachal'nik otd-ja 3 otdela Komiteta gosbezopasnosti pri Sovete Ministrov Litovskoi SSR major Kazakov. Date: October 1969).

[20] Hoover/LYA, K-1/3/652, 22-22 (From: I.o. predsedatelja Komiteta Gosbezopasnosti pri Sovete Ministrov Litovskoi SSR podpolkovnik Petkjavichjus. To: Upolnomochennomu KGB pri SM Litovskoi SSR (1 otdel 2 upravleniia) podpolkovniku Kardanovskomu. Date: 27 September 1966).

untoward events in order to establish the causes of disruption; this too we discuss below. Finally, the KGB was responsible for delivering endless lectures and interminable discussions in the workplace on the need for political vigilance in the protection of state secrets.[21]

3.3. The railways: trainspotting

Transport facilities were of particular concern to the KGB. For the Soviet Union this was still the railway age, before mass air and automobile transport. Everywhere the railways were the first great unitary corporation of the modern age. Hierarchical, centralized, expanding, colonizing, coordinated from top to bottom to the last detail, they symbolized Soviet administrative ideals. The KGB interest in the railways had three main aspects, which we consider in no particular order. They were the main route by which foreigners arrived in Lithuania and left it. They also supplied Lithuania's military bases with troops and weapons. Finally, if the Soviet Union's command economy could not run a railway it could not run anything, so accidents and delays instantly attracted the attention of the KGB.

The monitoring of foreigners on the railways did not involve anything beyond routine surveillance. The KGB's interest in military traffic was more complex. On the front line of the Cold War, Lithuania was intensively populated by troops and weapons, including nuclear weapons and missiles, supplied and rotated by train. This military traffic represented a security risk – and also an opportunity. The opportunity was to find out who was watching.

A KGB counter-intelligence plan of January 1972 shows how this was done.[22] The plan anticipated 32 military trains that would enter the

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[21] Hoover/LYA, K-1/3/656, 87 (Tezisy vystupleniia: O sostoianii agenturno-operativnoi raboty po usileniiu rezhima sekretnosti na ob"ektakh promyshlennosti, svjazi i transporta, po obespecheniiu sekretnosti i bezopasnosti sledovaniia po zheleznoi doroge special'nykh voinskih transportov. Date: 24 February 1966); K-1/3/668, 4-13 (Plan agenturno-operativnykh meropriiatij po promyshlennym ob"ektam na 1-e polugodie 1969 goda. From: nachal'nik 3 otdeleniia Kaunasskogo gorotdela KGB pri SM LSSR major Truhachev. Date: 12 February 1969); K-1/3/668, 179 (Spravka o rezul'tatakh raboty 3-go otdeleniia za 1969 god. From: Nachal'nik 3 otd-ia Kaunasskogo gorotdela KGB pri SM Lit. SSR – maior Trukhachev. Date: 9 December 1969). 179.

[22] Hoover/LYA, K-1/3/695, 3-7 (Plan agenturno-operativnykh meropriiatii po obespecheniiu sekretnosti i bezopasnosti voinskikh perevozok. From: Nachal'nik 2 upravleniia KGB pri SM Litovskoi SSR

country over the next ten days. We paraphrase the detail as follows: Tighten scrutiny of those already under surveillance to see whether any of them showed heightened interest in the railways over the period of the military freight movements; mobilize the KGB agents and trusted persons on the railways to watch their colleagues (and anyone else) for suspicious behaviour; watch the outgoing mail from the districts affected for letters and packets going abroad; tighten scrutiny of those previously convicted of espionage and so on, now living on the territory of the republic after serving out their terms; mount a watch on the stations where military trains would stop for servicing to spot bystanders showing undue interest; keep a check on the timetable for movement and delivery of the military freights; use the KGB agents and trusted persons on the railways to avoid or manage timetable disruptions affecting the military freights; tighten scrutiny of foreigners visiting Vilnius who might have connections with foreign intelligence; this was done separately for diplomats and tourists from capitalist countries, and for students; monitor international telephone calls to identify callers who coincide repeatedly with the passage of military freights, and to listen in on any conversations involving people who have called abroad before; monitor the radio frequencies for suspicious transmissions; use the KGB agents and trusted persons on the railways to watch for suspicious contacts with foreigners and possible caches of secret material on trains leaving the country; collate the information acquired.

In the file, the plan is followed by a summary of private correspondence that the KGB intercepted from the international mail over the period of the operation and copies of many of personal letters. [23]

There were some that wondered whether the fuss over secret military shipments on the railways went too far. The security arrangements that covered them, with everyone being hauled out of bed and ordered to rush around in the middle night, made concealment virtually impossible.[24] One

polkovnik Naras, nachal'nik 5 otdela KGB pri SM Litovskoi SSR polkovnik Shchensnovichius. Date: 28 January 1972).

[23] Hoover/LYA, K-1/3/695, 8-62 (Dannye "PK" o litsakh sistematicheski otpravliaiushchikh pochtovuiu korrespondentsiiu v kap. strany vo vremia prokhozhdeniia voinskikh perevozok po zh.d. za 1972 god. Date: 2 March 1973).

[24] Hoover/LYA, K-1/3/654, 121-131 (From: Predsedatel' Komiteta Gosbezopasnosti pri Sovete Ministrov Litovskoi SSR polkovnik Petkjavichjus. To: Zamestiteliu nachal'nika 2 glavnogo upravleniia Komiteta Gospezopasnosti pri SM Soiuza SSR polkovniku tovarishhu Gorbatenko A.M. Date: October 1967); K-1/3/654, 144-151 (Spravka: O vypolnenii postanovleniia biuro TsK KP Litvy BC-23/9 ot 21.9.1966 g. "Ob

solution that was mooted was to make an equal fuss about shipments that were unconnected with the military. In September 1967, for example, Lieutenant Colonel Žilinskas of the Šiauliai KGB administration recommended Vilnius to consider running empty trucks of the kind used for military shipments in regular trains as well.[25]

It is possible that the fuss served the regime in another way. Obvious secrets naturally attracted those that had failed to internalize Soviet values of discretion and vigilance, people who would be vulnerable to exploitation by the foreign adversary or who might be willing to serve them voluntarily. Attracted like moths to a flame, these were the very people that the KGB wanted to observe.

The KGB understood this logic perfectly well and even exploited it. In the spring of 1965, under an operation codenamed "Neman," the KGB organized two months of unusually intensive military rail traffic. The purpose of this operation was not to move troops and weapons into the right positions but to create a stir that enemy agents and disloyal citizens would be drawn to, so that they could be identified and exposed.[26] While it is clear that the main prize of this operation would have been to expose foreign intelligence agents, interest in identifying Soviet citizens that were unduly curious was also often explicit; a memo of 1972 refers to the need to identify "self-motivated people" (samoinitsiativniki) "who, driven by their own hostile attitude to the existing system, may collect secret information about military facilities, with the aim of subsequently handing them over to the adversary."[27]

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usilenii rezhima sekretnosti" na predpriiatiiakh i uchrezhdeniiakh respubliki. From: Nachal'nik 3 otdela 2 upr. KGB pri SM Lit SSR podpolkovnik Akimov. Date: 22 November 1967).

[25] Hoover/LYA, K-1/3/654, 101-104 (From: Nachal'nik SHiauliaiskogo gorotdela KGB pri Sovete Ministrov Lit. SSR podpolkovnik ZHilinskas. To: Zam. nachal'nika 3 otdela 2 upravleniia KGB pri SM Litovskoi SSR starshemu leitenantu tovarishchu Morkunasu. Date: 16 September 1967).

[26] Hoover/LYA, K-1/3/644, 70-75 (Lithuania KGB second administration, first department chief, Lieutenant-Colonel Naras, report on counter-intelligence work around military facilities of special importance, 4 February 1966).

[27] Hoover/LYA, K-1/3/694, 3-6 (Spravka o sostoianii kontrrazvedovatel'noi raboty Shiauliaiskogo go v okruzhenii voennykh ob"ektov. From zam. nachal'nika 1 otdela 2 upravleniia KGB pri SM Litovskoi SSR podpolkovnik Domarkas, zam. nachal'nika 3 otdela 2 upravleniia KGB pri SM Litovskoi SSR podpolkovnik Matulionis, st.op/ud 1 otdela 2 upravleniia KGB pri sm Litovskoi SSR kapitan Spiridonov,

In other words, Soviet norms prescribed that the loyal citizen should not be curious about matters concerning which there was no need to know. Thus trainspotting, like planespotting and stamp collecting, became a marker for potential disloyalty.

4. The agent network

In this section we describe the Lithuania KGB third department's agent network among staff and employees of the secure facilities. The agent network was the KGB's principal source of domestic intelligence. The main elements of the network were the agents, trusted persons, and the handful of part-timers (vneshtatnye sotrudniki) placed in the secure facilities. Associated with the network were other informants who were usually motivated to provide signals by discontent with management policies or activities or personal grudges.

Agents of the third department, 206 in number according to a report of July 1969, were typically 25 to 50 years of age, in white collar employment and with some experience of higher education. [28] Most were settled in the agent network, with 5 to 15 years of KGB experience. A significant minority of 40 knew one or more foreign languages; 16 had family in the West. Notably, the KGB held "comprising evidence" against 13 of them but only 5 were directly coerced into cooperation ("recruited by means of *kompromat*").

The same report, by Captain Markūnas, also evaluates the quality of alerts from the agent network negatively, as having an "information character, such as insignificant production mishaps at facilities," which means that they lacked analysis or attribution of responsibility.

The density of agent deployment in the secure facilities was variable but (on the basis of limited evidence) was typically much higher than the 3.8 per thousand average across Soviet Lithuania. At the Baltija shipyard, Klaipėda, classed as economically important (but not "of special importance"), with 3,107 employees in 1974, there were 52 informers (17

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op/ud 3 otdela 2 upravleniia KGB pri sm Litovskoi SSR st. leitenant Elimakhov. To . Date: 11 April 1972).

[28] Hoover/LYA, K-1/3/670, 92-110 (Spravka: o sostoianii raboty s agenturoi v 3-m otdele 2 Upravleniia Komiteta gosbezopasnosti pri Sovete Ministrov Litovskoi SSR po sostoianiiu na 1 iiulia 1969 g. From: Nachal'nik 3 otdela 2 upravleniia Komiteta Gosbezopasnosti pri Sovete Ministrov Lit SSR – kapitan Markunas. Date: 8 July 1969). A later survey dated 1977 showed that, of 124 agents of the third department, there were 42 senior managers, 76 middle managers, and 5 workers (LYA b. 742, l. 65: Spravka o deiatel'nosti 3 otdela 2 upravleniia).

per thousand. [29] In Kaunas at the closed KNIIRIT institute, classed as "of special importance", with 1,207 employees in 1968, there were 32 informers (26 per thousand).[30]

The report just cited evaluates the quality of the agent network in KNIIRIT. Three high-level agents had access to secrets and could mix with those doing secret work. These were the chief of quality control, the climate lab technician, and the deputy chief accountant. In contrast a mechanic and a boiler-room employee "are not in a position to render us tangible assistance in tackling the tasks of the division of providing for conservation of state secrets." In the secret laboratories "no agent network exists for exposure of persons of interest to the organs of state security and the prevention of potential outflow of secret information."

Regardless of their level, the report finds, the agents' value was low. The quality chief continually mixed with people doing secret work and frequently visited other closed facilities, but was given no assignments and reported no alerts. The climate lab technician was no better. In two and a half years, the report concludes, the KGB had received seven alerts: two cases of undue interest in secret matters, two possible contacts with foreigners, one case of false identification papers, one case in which the ministry mistakenly mailed out its own secret documents, and one other secrecy violation. Of the seven, two were found to be without foundation, and the case of undue interest in secret matters arose from ignorance concerning duties. That left two to be dealt with by issuing a KGB caution, and two by disciplinary measures.

Other reports give an impression of the composition of alerts received in 1969 from agents and trusted persons in Panevėžys and Kaunas, shown in Table 11. This might be a moment to recall Alec Nove's characterization of the role of the workplace informer: "they were more likely to be roused by a disrespectful remark about Stalin than by, say, the overspending of

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[29] Specifically there were one vneshtatnyi sotrudnik, 8 agents, and a total of 43 trusted persons. Hoover/LYA, K-1/3/711, 93-103 (spravka po sudostroitel'nomu zavodu "Baltiia". From operupolnomochennyi 1 otd-ia okgb st. leitenant V.Kulikov, nachal'nik 1 otdeleniia OKGB pri SM LSSR po gor klaipede i LMB kapitan K.Petrikas. To . Date: 20 May 1974). The Baltija shipyard was "known" to be a target for foreign espionage. Hoover/LYA, K-1/3/711, 104-104 (. From nachal'nik 2 upravleniia KGB pri Sovete Ministrov LSSR polkovnik A.Naras. To nachal'nik otdela KGB pri SM Lit. SSR po gor. Klaipede i litovskomu morskomu basseinu podpolkovniku tov. Basenko A.Ia.. Date: 7 March 1974).

[30] Hoover/LYA, K-1/3/668, 120-124 (Spravka. From: Nachal'nik otd-ja 3 otdela Komiteta gosbezopasnosti pri Sovete Ministrov Litovskoi SSR major Kazakov. Date: October 1969).

the wage fund." We see that the reality was somewhere between. The largest single category of alerts concerned anti-Soviet expressions of one kind or another. A minority did raise management concerns, such as disorganization or disruption.

In the spring of 1968 we find Lieutenant Colonel Matulionis of the third department asking what it was all for:[31]

> In the jubilee year of 1967 and the past four months of 1968, no emergencies or facts of the escape of information constituting a state secret have been established in the facilities of industry, transport, and communications. At the same time it is a source of anxiety that defects in the provision of the regime of secrecy in industrial facilities, institutions, and organizations continue to occur, as a result of which four secret documents were lost in 1966-67.

> The results of work cannot satisfy the communists of the third department. They should be alert to the fact that for some time no new cases have arisen of operational investigation of persons suspected of spying activity and no alerts are forthcoming on this matter that deserve serious attention. Nor has it been possible to obtain alerts deserving attention about the intentions of the special services of the adversary towards industrial facilities.

> [...] Too little attention is being given to study of processes and manifestations among collectives of industrial facilities, transport, and communications, to expose evidence of the impact of the ideological intentions of the special services of the adversary towards particular employees, to expose manifestations and situations that could lead to the emergence of open mass demonstrations, and to the suppression of instances of the preparation of firearms and home-made explosive devices.

> [...] As a result of the work done among foreign specialists visiting the republic we have not succeeded in exposing persons connected with the special services of the adversary, or to identify their practical activities and the intentions of foreign intelligence services towards the republic, although suspicious factors in the behaviour of some specialists have been exposed.

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[31] Hoover/LYA, K-1/3/664, 14-23 (Spravka: o zadachakh operativnogo sostava 3 otdela 2 Upravleniia KGB pri SM Litovskoi SSR po uluchsheniiu kontrrazvedyvatel'noi raboty na obsluzhivaemykh ob"ektakh. From: Nachal'nik 2 otdeleniia 3 otdela 2 upravleniia KGB pri Sovete Ministrov Lit. SSR podpolkovnik Matulionis. Date: 24 April 1968).

The basic cause of this situation is that we insufficiently implement measures to create particular circumstances in which foreigners might show themselves up as agents of foreign intelligence services …

At the same time, Matulionis pointed out, the agent network of the third department completely missed two real criminals, Baltušaitis (who exploded a bomb in Tauragė railway station, which was bad enough) and Kryshenkov (who was shamefully, disgracefully permitted to explode a bomb in Red Square). Both men were self-motivated and self-driven. But both had prepared their devices using industrial facilities, under the noses of the agent network, which had completely failed to raise alerts of their activities. Warming to his theme, Matulionis went on to use words that we have cited already:

Our communists should be concerned daily to study and know more deeply processes that are *essentially anomalous, that is, incorrect, deviating from the general rule of processes and phenomena,* and in a timely way to receive alerts leading to the exposure of persons intending to carry out hostile actions that can lead to serious consequences.

[…] It has not been possible to expose and detain a single foreigner red-handed, at a time of potentially hostile behaviour. No letters have come into our hands that are of operational interest, discarded by foreigners at stations where international trains have halted or airports.

Finally, as Burinskaitė (2007) has described, the efforts made to camouflage Lithuania's industrial facilities were unsuccessful. The facts about their true research and production activities leaked abroad. The primary sources were Lithuanian specialists who made foreign visits, sometimes even carrying small hardware items such as microprocessors.

5. The managers

In this section we describe the KGB's influence over human capital formation in the Soviet economy. We begin by explaining the role of the KGB in the selection and promotion of managers. The KGB could not carry out this role without access to the person-level information provided by its historical records and the mass surveillance undertaken by its agent network. Person-level information was known generically as "compromising evidence" (kompromat). We use some KGB lists to illustrate the nature of kompromat and some patterns in its distribution.

5.1. Management selection

The KGB was deeply integrated into the personnel function in all Soviet organizations. As already mentioned, there does not seem to have been any management position of significance in the Soviet economy that did not require access to classified documentation and correspondence. Documentation was classified at various levels ("special file," top secret, secret, and confidential) and every management post required access up to one of these levels. The first (secret) departments of enterprises and organizations compiled lists of positions requiring access, and submitted them to the KGB for approval.

In principle, no one could be appointed to such a position without first being cleared to the level appropriate to the post, and the approval or denial of clearance was also the job of the KGB. The process began when the employer's first department submitted a person for clearance, based on their work record and the short political and professional biography that every applicant or supplicant composed in place of a curriculum vitae. The responsible KGB officer opened a "clearance file" (delo dopuska), to which would be added the results of consultation with local party bodies and of searching in the KGB archive. On that evidence, the request was approved or denied.

In 1979 in Soviet Lithuania, according to Grybkauskas (2007a, p. 80), 14,000 personnel had clearance for "top secret (special file)" documentation. In an earlier year, 1973, 2,027 clearances were issued at the "secret" level compared with 2,230 at the higher levels (Grybkauskas 2007a, p. 84). Applying that proportion in the flow to the total cleared in 1979 at the higher levels would suggest a stock of approximately 27,000 cleared personnel for Soviet Lithuania in 1979, or 1.9 per cent of the public-sector workforce.[32] Their distribution across the economy must have been highly skewed. This is confirmed by the figures in Table 6, which show that around one quarter of the rapidly growing workforce of the small number of "closed" factories of "special importance" was cleared for access to secret paperwork. Evidently the proportions elsewhere were much lower.

Clearance could be granted but it could also be denied. The refusal rate in Soviet Lithuania across all employments in 1973, and again in

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[32] In 1979 the Lithuanian public sector employed 1,435,000 "workers and staff" (TsSU 1980, p. 390). This was little more than half the proportion in the United States in 2011, when 4.8 million U.S. personnel, or 3.6% of U.S. nonfarm payroll employees, were cleared for access to information classified at all levels (U.S. ODNI 2012, p. 3 and the U.S. Bureau of Labor Statistics at http://data.bls.gov).

1981, was around 7 percent (Grybkauskas 2006, p. 84).[33] The limited evidence detailed in the next section suggests that more commonly cited were historical markers of family association with Lithuania's prewar elite or hostility towards Soviet rule in Lithuania, or dispossession and forced resettlement during the transition to Soviet rule. Smaller numbers were tagged as actively religious or hostile to Soviet rule in the present or recent past.[34]

The clearance system faced the KGB with two main problems, both of which rose up from below. One was the growing number of positions requiring clearance; the other was managers' resistance to the enforcement of clearance decisions on personnel. Rising numbers, already illustrated in Table 8, put growing demands on KGB resources.

According to Grybkauskas (2008, p. 36), growth was driven by several factors. One factor was the supply privileges of the numbered factories, which enabled them to expand at the expense of the surrounding economy. Another factor was the rising number of requests for clearance from facilities that did not fall into any secret category but had links with the numbered factories that they could not develop without clearance to visit. Without visitation rights these intermediaries and subcontractors could not exploit the personal networks and exchange of favours that converted lifeless plan decrees into human action. There was high turnover among employees with visitation needs, which generated a large volume of clearance requests; it also meant a spreading circle of cleared persons that were typically untrained and inexperienced in the handling of classified information.

KNIIRIT, for example, lost 256 employees cleared for "top secret" and "secret" documentation in just two years, 1965 and 1966. On the evidence

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[33] In the United States in 2011 refusals ran from zero to 1.2% of applications to the Defense Intelligence Agency, FBI, National Geo-Spatial Intelligence Agency, National Reconnaissance Office, and State Department. For the CIA refusals ran at more than 5%, and they reached 8% at the National Security Agency (ODNI 2012, p. 7). No average is given, but the CIA and State are relatively small employers, suggesting an average refusal rate well below 5 percent.

[34] For example Hoover/LYA, K-1/3/703, 90-122 (Spisok lits, dopushchenykh k sov. sekretnoi rabote i dokumentam s komprometarialami. From: Nachal'nik Panevizhskogo GO KGB pri Sovete Ministrov Lit. SSR podpolkovnik S Iu. Kishonas. Date: 3 December 1972). Despite its title this document lists 6 persons cleared notwithstanding the existence of negative markers, and ten persons refused clearance on account of them, and also refers to 59 persons refused permission to travel abroad because of them. See also Burinskaite (2006).

already cited, this was around one third of its "cleared" workforce per year. High turnover, according to the KGB, was stimulated by other employers' offering "higher pay and better accommodation."[35] Underlying this was the endemic and persistent labour shortage in the Soviet economy.

Finally, there was direct inflation: security classifications were arbitrary to some extent, and caution led to over-classification, so that new lines of work were classified while old lines were not declassified, and so on. The inflation was countered by periodic reviews that aimed to cut back the number of posts requiring clearance: by 30 percent in industry and science across the republic in 1963, for example.[36]

The enforcement problem arose, apparently, from the costs of compliance. Organizations and factories were reluctant to implement security instructions, and sought to avoid compliance by means of delay and negotiation.

Full compliance with the clearance system presented managers with many issues. While there is no direct evidence on this, it appears that the clearance process was evidently time consuming, because employees appointed to positions that required it were sometimes admitted to secret correspondence before receiving the necessary clearance.[37] When a person was refused clearance, the director's first headache was to explain the decision to the employee without mentioning the KGB veto; refusal had to be justified on some other grounds, such as some fault in the employee's conduct or performance.

Managers regularly nominated completely unsuitable people for clearance. The same report of the Kaunas KGB identifies several cases. One person was an alcoholic. He repeatedly lost secret documents in his charge and, although reprimanded, was not removed from secret work.

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[35] Hoover/LYA, K-1/3/654, 112-13 (Spravka: o merakh po usileniiu rezhima sekretnosti na predpriiatiiakh i v uzhrezhdeniiakh g. Kaunasa. To: Nachal'nik 3 otdeleniia Kaunasskogo gorotdela KGB pri SM LSSR – maior Trukhachev. Date: 12 October 1967).

[36] Hoover/LYA, K-1/3/654, 122 (From: Predsedatel' Komiteta Gosbezopasnosti pri Sovete Ministrov Litovskoi SSR polkovnik Petkiavichius. To: Zamestiteliu nachal'nika 2 glavnogo upravleniia Komiteta Gospezopasnosti pri SM Soiuza SSR polkovniku tovarishchu Gorbatenko A.M. Date: oktiabr' 1967).

[37] Hoover/LYA, K-1/3/654, 101-104 (From: Nachal'nik Shiauliaiskogo gorotdela KGB pri Sovete Ministrov Lit. SSR podpolkovnik ZHilinskas. To: Zam. nachal'nika 3 otdela 2 upravleniia KGB pri SM Litovskoi SSR starshemu leitenantu tovarishchu Morkunasu. Date: 16 September 1967).

Another person had been a Christian Democrat, a leader of the Boy Scouts, a collaborator under German occupation, and a resister against Soviet rule. Returning (after amnesty) from a 25-year jail term, he continued to maintain hostile views. In the Institute of Land Organization he had access to classified documents and edited the wall newspaper. Working for the Kaunas civil defence staff, a third person carried on a voluminous correspondence with friends and relatives in America and Israel. A fourth worked in the ministry of communications, and had already been granted clearance when it turned out that various family members had served before the war in the Lithuanian army officer corps, had sheltered members of the nationalist insurgency, and had fled abroad or been sentenced to internal exile.[38]

When the KGB refused clearance, managers sometimes ignored the outcome. Examples from Kaunas and Šiauliai, for example, are reported in summaries of 1968 and 1969.[39] In some cases clearance was denied repeatedly, yet the person concerned remained in post. In Šiauliai, it is said:

> The enterprise leaders in the given case[s] argue that these persons do not become acquainted with secret documents.

> The facts speak otherwise.

And a case is cited of a classified letter signed recently by one of those involved.

According to Grybkauskas (2008, pp. 37-39), the KGB had limited capacity to manage the managers that procrastinated "for the good of the cause," and few sanctions with which to discipline their passive

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[38] Hoover/LYA, K-1/3/654, 105-120 (Spravka: o merakh po usileniiu rezhima sekretnosti na predpriiatiiakh i v uzhrezhdeniiakh g. Kaunasa. To: Nachal'nik 3 otdeleniia Kaunasskogo gorotdela KGB pri SM LSSR – maior Trukhachev. Date: 12 October 1967).

[39] Hoover/LYA, K-1/3/664, 24-24 (Zapiska : po "VCh" iz g. Kaunasa. From: Zam gorotdela KGB pri SM Litovskoi SSR po gorodu Kaunasu – podpolkovnik Snakin. To: Nachal'niku 2 upravleniia KGB pri Sovete Ministrov Litovskoi SSR polkovniku tov. Narasu A.I. No date.); K-1/3/664, 29-36 (From: Predsedatel' Komiteta Gosbezopasnosti pri Sovete Ministrov Litovskoi SSR IU. Petkiavichius. To: TSentral'nyi Komitet Kommunisticheskoi Partii Litvy. Date: 7 May 1968). Hoover/LYA, K-1/3/670, 45-49 (From: nachal'nik SHiauliaiskogo gorotdela KGB pri SM Litovskoi SSR – polkovnik ZHilinskas. To: Zam predsedatelia Komiteta Gosbezopasnosti pri SM Litovskoi SSR polkovniku – tov. Aleksandrovu M.N. Date: 30 January 1969).

resistance. Directors appeared readily to survive conflicts with KGB officers without suffering career damage; perhaps it was worse for the manager to fail in the plan than to fail in security. More than anything else, this marks the dramatic change in the political atmosphere since Stalin's time, when the manager that ignored the NKVD put his own neck on the block. Grybkauskas quotes the Elfa electrical engineering factory director on how he got around the KGB supervisor, known as the "guardian angel." On several occasions the latter instructed the director to remove politically unreliable employees from their duties. The director was reluctant to comply, given the difficulty of replacing them. He successfully exploited the turnover of KGB supervisors to delay action continuously, in one case for almost twenty years.

In short, you could work around the KGB. Where procrastination and workarounds would once have been suicidal strategies, they were now feasible. At the same time to work around state security cannot have been costless; it took time, patience, and nerve, if not more.

The evidence suggests that the supply of persons approved for appointment to sensitive management positions was a significant bottleneck in the economy of Soviet Lithuania. There were not enough cleared persons to fill the vacant posts requiring clearance. The issue that then arose resembles the historical debate among economists (surveyed by van Brabant 1990) over the reason for queues for retail goods under communism: Where was the ultimate shortage: in the supply of goods generally, or specifically in the provision of retail services? By analogy, did the difficulty in appointing cleared personnel reflect a specific bottleneck, the KGB's lack of capacity to implement the clearance procedure in a timely way; or a more general shortage of people that were both loyal and competent compared with the positions that demanded to be filled?

We do not know which of these constraints was binding. We know only (from Grybkauskas 2009, p.106) that from 1987 the KGB began to apply more relaxed criteria to both jobs (to reduce the number of clearances required) and persons (to issue clearances despite evidence of past disloyalty). Reducing the scope of employments requiring clearance was a way to tackle the specific shortage; lowering standards was a way to manage the general one. In other words, perhaps, not knowing which action they needed to take, they did both.

5.2. The usual suspects

Here we consider more detailed insights on loyalty and discrimination that are available from a small person-level database. In December 1972 the KGB of Panevėžys (1970 population 73,000) sent Vilnius details of 176 persons against whom their files held kompromat. Listed separately

were 6 persons cleared for access to "top secret" documentation (and therefore holding senior positions) in spite of the evidence held; 10 persons refused clearance because of the evidence held, but still occupying the senior positions for which clearance had been sought; 96 persons refused permission to travel abroad because of the evidence held; and 79 persons occupying senior positions in spite of the evidence held. (The numbers sum to 191 but there was some double-counting, so 15 people were listed twice.) Three fifths were men. Judged by their family names, all but two were Lithuanians (compared with four fifths of the resident population in the 1970 census).

The dataset is surely not the population of all those in KGB files, even in a small market town. As a sample it would be neither random nor representative. The people in it were chosen because they held relatively important positions or because they had applied to travel abroad; neither makes a typical citizen. All that can be said is that the variation within the sample is suggestive.

With a few gaps the lists provided each person's full name (signalling gender and ethnicity), year of birth, level of education, party or Komsomol membership, occupational status and/or position, and a brief description of the compromising evidence in each case.

The nature of the evidence strongly reflects the "dictator's dilemma" (Wintrobe 2000, pp. 20-39): the more powerfully the ruler commands the subject's inner loyalty, the more carefully the subject will hide the outward signs of what the ruler most fears: disaffection leading to hostile thought and action. The ruler cannot rely on voluntary confession to reveal disaffection and must instead exploit indirect markers or signals.

We are interested to categorize the features of kompromat on two dimensions: historical versus contemporaneous, and circumstantial versus voluntary action. These are shown in Table 12. Some examples help to illustrate the realities behind the numbers.

Historical/circumstantial evidence. The subject was perhaps born into a family of the pre-Soviet urban or rural elite, or was liable to resettlement under Soviet occupation in their own right or as a family member, or a family member collaborated with the German occupation or resisted the Soviet occupation, or fled the country after the war, or a family member was sentenced for "state crimes."

Historical/voluntary hostile action. The subject might have collaborated with the German occupation or resisted the Soviet occupation, or was sentenced for "state crimes" in their own right. Of course many of those that supported German occupation acted under some degree of coercion; equally, it's debatable to what extent voluntary action was required for a a conviction under Soviet laws on counter-revolutionary crimes. Still, rightly or wrongly, many Lithuanians did have

pro-German sympathies in wartime or voluntarily resisted Soviet rule so this classification seems more reasonable than the alternative.

The emphasis on past repression was well founded. Working from a survey of Soviet war refugees in Europe and America, Inkeles and Bauer (1959, 265-280), created a measure of their respondents' underlying (as opposed to superficial) hostility to the Soviet system and looked for determinants in their life histories. They found that the single most important factor in this hostility was "experience of arrest by the secret police of oneself or a family member."

Contemporaneous/circumstantial evidence. The subject might be in correspondence with a relative abroad (who in turn might be but was not necessarily linked to anti-Soviet activity), or had a family member at home who was known to grumble about the regime, or was employed at or lived near a secure facility. Having a relative abroad illustrates the scope for a Catch-22: the very reason you want something becomes the grounds on which it will be denied. You want to travel to Germany because your brother is there. But the fact that your brother is there can be held against you as kompromat. And lack of family ties at home could be a compounding factor. A 73-year old male was denied permission to travel, for example, for no other reason than this: "His son living in Canada is a millionaire, while [the subject] lives alone in Panevėžys."

Contemporaneous/voluntary hostile action. Finally, the subject personally was found to be doing something in the present or recent past that violated Soviet rules or norms of behaviour or demonstrated disaffection. Most common were religious observance and the expression of openly anti-Soviet views; also included were irregular contacts with foreigners or foreign representatives.

Counting signals, Table 12 shows that the 176 people between them were showing 321 instances of kompromat, of which 167, or just over half, could be classified as historical and involuntary, that is, the evidence reflected circumstances of the distant past over which they had never had any control: conditions into which they were born or that were created by the action of others. The next largest categories related to contemporaneous circumstances (65) and (allegedly) voluntary actions that belonged to the historical past (55). Only one tenth (34) related to voluntary actions that were recent or ongoing. But since these 34 actions related to 34 distinct persons, they could also be associated with one fifth of the 176 people in the sample.

Further analysis shows that the sample is made up of two quite different groups of people. Those employed in management positions, whether cleared or uncleared, were typically young, male, and well educated (here we give a broad-brush summary of detail found in Appendix Table A-8). A minority had party or Komsomol membership;

few had relatives abroad. In comparison, those refused permission to travel were ten years older on average, much more likely to be female, with much less education, and very unlikely to be party members. On the whole those refused travel did not generally have worse histories than the managers, but they were less discreet: the frequency of a signal of contemporaneous/voluntary hostile action was 29 percent, compared with close to zero among the managers.

We learn a little more by merging the entire sample and re-sorting it on the criterion of contemporaneous/voluntary hostile action. What were the characteristics of those that maintained a bad attitude in the present, even under the watchful eyes of a well established police state, by comparison with those that lived under the shadow of a doubtful past?

Table 13 shows results. We see that those engaging in current or recent actions that the regime considered hostile were two years older and with two years less of education. They were substantially more likely to be female and to have relatives abroad. On all measures they were *less* likely to carry historical markers of disloyalty. This is a product of selection, rather than of the age difference, which has the "wrong" sign. (Other things being equal, one would expect older citizens, with more experience of life in independent Lithuania, to bear *worse*, not better histories.) Two differences are suggestive, however. One is that those engaged in current hostile activity were much more likely to have relatives abroad. Another is that they were somewhat *more* likely to be party or Komsomol members.

As an organization the KGB did not do statistical analysis. Particular officers may or may not have been intuitively aware of patterns in the data. What might the data have given them? Most likely, what they knew already: People whose families were expropriated or penalized in the past often harbour grievances in their hearts. Those that carry the stigma of hostile social origins or associations have mostly learned to keep their mouths shut, but some of the others have not. Party membership can be a cover for disloyalty. Some of those that have won a party card against the odds think it gives them a license to say what they like.

6. Economic emergencies

A significant duty of the third department was to investigate "ChP" (*chrezvychainye proizshestviya*, emergency situations). Emergencies included industrial accidents (including fires) and other disruptions of production, power supply, railways and air transportation, so forth. Such events were, by definition, deviations from the plan decreed by the party. As such they raised important security questions. Whose hand was at work? Was it the hand of the foreign adversary, or the hand of someone

under the adversary's influence, or of some unnoticed person that was working towards the adversary of their own volition?

Here more than anywhere, we see that the life of the KGB officer was just one damned thing after another. Incidents were numerous and frequent. In the fields, a hayrick burned.[40] A train was late; a wagon was derailed. In the factory, equipment was damaged, materials were lost or contaminated, employees suffered injury or death.[41] Was some hostile agency behind these events? Every event had to be logged and considered. Unsolved cases were like toothache; they lingered, could not be ignored, and were often hard to clear.

Perhaps in the New Year of 1966 Lithuania KGB chief Randakevičius could find reason to celebrate: [42]

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[40] Hoover/LYA, K-1/3/627, 251-255 (Spravka From: Zam. predsedatelia Komiteta Gosbezopasnosti pri Sovete Ministrov Litovskoi SSR IU. Petkiavichus. To: Zaveduiushchemu administrativnym otdelom TSK KP Litvy tov. Kairialis A.K. Date: ianvar' 1964). Hoover/LYA, K-1/3/637, 37-40 (Spravka: ob uchastii KGB pri SM Litovskoi SSR v rassledovanii prichin pozharov v respublike. From: Zam nachal'nika sledotdela KGB pri SM Litovskoi SSR – podpolkovnik IAnkevichius, zam nach 2 otdela 2 upr KGB pri SM Litovskoi SSR – podpolkovnik Kardanovskii. No date.).

[41] Hoover/LYA, K-1/3/668, 61-62 (: Dopolnenie k spetssoobshcheniiu 776 ot 15 maia 1969 g. From: Nachal'nik Mazheikskogo RO KGB pri SM Litovskoi SSR podpolkovnik K. Sarpalius. To: Nachal'niku 3 otdela 2 upravleniia KGB pri SM Litovskoi SSR kapitanu tov. Morkunasu E.B. Date: 21 May 1969); 74-75 (Spetssoobshchenie From: Nachal'nik Mazheikskogo RO KGB pri SM Litovskoi SSR podpolkovnik K. Sarpalius. To: Nachal'niku 3 otdela 2 upravleniia KGB pri SM Litovskoi SSR kapitanu tov. Morkunasu E.B. Date: 15 May 1969); 80-82 (From: Nachal'nik Utenskogo RO KGB pri SM Lit SSR podpolkovnik S. Tikhomirov. To: Nachal'niku 3 otdela 2 upravleniia KGB pri SM Litovskoi SSR kapitanu tov. Morkunasu E.B. Date: 22 May 1969); 116-119 (Dokladnaia zapiska: Ob imevshikh mesto proishestviiakh na Akmianskom tsementnom zavode za 2 polugodie 1968 i 1969 god. From: Nachal'nik Mazheikskogo RO KGB pri SM Litovskoi SSR podpolkovnik K. Sarpalius. To: Nachal'niku 3 otdela 2 upravleniia KGB pri SM Litovskoi SSR kapitanu tov. Morkunasu E.B., sekretariu Akmianskogo RK KP Litvy tov. Vengalisu V.P. Date: 9 September 1969); 120-124 (Spravka. From: Nachal'nik otd-ia 3 otdela Komiteta gosbezopasnosti pri Sovete Ministrov Litovskoi SSR maior Kazakov. No date.); 128-128 (From: Nachal'nik Kedainskogo RO KGB pri SM LSSR podpolkovnik V.Lesitskas. To: nachal'niku 2 upravleniia KGB pri Sovete Ministrov Litovskoi SSR polkovniku tovarishchu Narasu A.I. Date: 9 December 1968).

[42] Hoover/LYA, K-1/3/643, 1-16 (Otchet : Ob agenturno-operativnoi i sledstvennoi rabote KGB pri Sovete Ministrov Litovskoi SSR za 1965 god.

Much attention has been given to work on cases of unsolved *ChP*. This was to implement the USSR KGB Collegium's decision of 27 February 1965. As a result, clarity has been achieved and measures adopted in seven cases of unsolved crime.

But the culprits generally turned out to be as you would expect: natural causes, negligence, or private malice without political significance. It is hard to identify a case where sinister forces were truly at work. As the third department's chief lamented one year later: [43]

In 1966 in the facilities of the republic no serious hostile manifestations or *ChP* were identified.

A different kind of *ChP* was industrial conflict. In such cases human agency was always at work. Large-scale strikes were exceptionally rare; temporary hold-ups, go-slows, and walk-outs at the shop level may have been more frequent (and poorly distinguished from supply breakdowns). A brickworks in Šiauliai district suffered a strike in February 1968, as a result of which three shifts, 150 person-days, and 7,500 rubles of output were lost. The KGB reported the proximate cause of the strike as a fall in output leading to the non-payment of bonuses for January. The fall in output was in turn traced to ... well, everything that was wrong with the Soviet economy: "a fuel shortage, supply of frozen materials to the workshop, poor labour organization, a lack of showers where workers could wash at the end of the shift, tardy provision of supplementary dinners, and the tactless and coarse attitude of the combine management to the workers."[44] (No surprises there.)

Of more interest is a dispute that was triggered in February 1969 when the managers of a parts factory in Ukmergė district announced a decision to compensate for a previous overspending of the wage fund by a 10 percent cut in piece rates. The workers went on strike and a shift was lost. According to a subsequent report, the Ukmergė KGB rushed to the rescue in the person of Captain of State Security Ivanov, who held talks

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From: Predsedatel' Komiteta Gosbezopasnosti pri Sovete Ministrov Litovskoi SSR general-maior A Randakiavichius. To: Komitet Gosudarstvennoi Bezopasnosti pri Sovete Ministrov Soiuza SSR. Date: 7 January 1966).

[43] Hoover/LYA, K-1/3/654, 1-9 (Spravka. From: Nachal'nik 3 otdela 2 upr KGB pri TSM Lit SSR polkovnik Sudzilovskii. Date: 20 January 1967).

[44] Hoover/LYA, K-1/3/664, 155 (Spravka. From: Nachal'nik 3 otdela 2 upravleniia KGB pri SM Litovskoi SSR – podpolkovnik Akimov. Date: 19 November 1968).

with the managers, the party and trade union leaders, and the workers, and gave advice to all concerned: the managers as to how to manage in future, and to the workers as to the necessity of returning to work.[45] The essence of the managers' decision, Ivanov concluded, was correct, but it should have been introduced more gradually and after more consultation. So, it seems, the KGB was in the business of industrial conciliation!

It seems also that Alec Nove was half right: the KGB was *not* interested in "overspending of the wage fund" – but it *was* interested in the result of overspending the wage fund, if the result was disruption and conflict.

Finally, Ivanov's intervention turned out to have a security aspect after all: he uncovered among the strike leaders one man previously sentenced to 20 years' forced labour for treason, and another convicted of embezzlement. The latter would be prosecuted for violent behaviour ("hooliganism").

The general experience of emergency situations in Lithuania, however, recalls a parallel, the Federal investigations of "sabotage" (FBI Classification 98) in the United States in the eras of World War II, the Korean war, and the Vietnam war(described by Haines and Langbart 1993, p. 97):

> In almost all cases ... no wilful acts of sabotage were discovered. Upon investigation the Bureau usually found most of the cases revolved around labor disputes and attempts to organize unions in plants, disgruntled workers, juveniles, and greedy entrepreneurs who sought extra profits by providing the government with defective war materials.

7. Economic reforms

In the classic political economy of Stalinism, overspending the wage fund was never a problem. Production came first. Financial discipline was considered important, but never important enough to motivate wage reductions, layoffs, or other measures that might put production at risk. The idea that the enterprise ought to live within financial constraints, and the resulting possibility that overspending the wage fund could have security implications – these were pure products of the economic reforms of the 1960s, which were intended to harden budget constraints and improve incentives to observe financial discipline (Kontorovich 1988).

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[45] Hoover/LYA, K-1/3/668, 26-27 (Spetssoobshchenie : From: Nachal'nik Ukmergskogo raionnogo otdeleniia KGB pri SM Lit SSR podpolkovnik Gal'vidis. To: Tov. Obukauskasu Iu.S. Date: 5 March 1969).

Did the KGB's role as a regulator of the economy lead it to adopt an institutional perspective on the economic reforms of the time? Was the KGB an institutional supporter or opponent of economic reform? Did it warn against moving too quickly, or too slowly, in modernizing the traditional command system? Did the KGB have views of *any* kind on economic issues?

The most direct evidence is to be found in periodic reports from the KGB to the party, usually titled "On the reactions of the population to ..." (*O reagirovanie naseleniia v sviazi s* ...). In the winter of 1963, for example, the KGB reported twice on popular responses to policy, once in November to Lithuanian party first secretary Antanas Sniečkus on popular responses to the bread shortage arising from the failure of the Russian harvest that year; and a second time in December to the Lithuanian party central committee.[46] This was a little more than a year after the catastrophic confrontation between workers and the regime in Novocherkassk, sparked by increases in the price of meat and butter and increases in work norms (Baron 2001, fictionalized by Spufford 2009). Both reports began with a paragraph commenting on the positive responses of the majority:

> The working people of the LSSR warmly support the measures of the party and government in the spheres of domestic and foreign policy and are participating actively in implementing the plans for communist construction.

Each report then went on to qualify the initial overall positive with a sample of specific negatives. Some blamed the party leaders for shortfalls; others blamed single-party rule, the poor incentives of the collective farm system, and Russia, where the harvest failure was concentrated. Even a special delivery of white bread to Vilnius turned out to be a negative because it occasioned massive queues where hopeful shoppers shared their frustrations. The spread of false rumours and ironical anecdotes was also reported.

These reports freely reproduced the names and workplaces of indiscreet citizens; at the same time there was a striking reluctance to

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[46] Hoover/LYA, K-1/3/627, 199-205 (Dokladnaia zapiska, Predsedatel' Komiteta Gosbezopasnosti pri Sovete Ministrov Litovskoi SSR A. Randakiavichus to Sekretariu TSentral'nogo Komiteta Kommunisticheskoi Partii Litvy tovarishchu Snechkus A.Iu., Date: 6 November 1963); 216-222 (Dokladnaia zapiska, From: Predsedatel' Komiteta Gosbezopasnosti pri Sovete Ministrov Litovskoi SSR A. Randakiavichus, Date: December 1963).

name their targets. One leaflet was quoted as announcing: "Down with (the name of the one of the leaders of the party and government) and his policy! Down with Soviet rule!" Another apparently read: "(mentioning the name of a leader of the Soviet government) to the devil!" And another: "Announcement. Comrade (the name of a leader of the Soviet government is mentioned) will be hanged."

If we consider only economic matters, the other main issue from the sixties was the industrial and agricultural reforms of 1965, responses to which were evaluated in several surveys, including two separate catalogues of positive and negative responses.[47] One could think of this

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[47] Hoover/LYA, K-1/3/639, 7-15 (Dokladnaia zapiska: o reagirovanii naseleniia respubliki na reshenie Plenuma TsK KPSS po voprosu dal'neishego razvitiia sel'skogo khoziaistva strany. From: Zam. predsedatelia Komiteta Gosbezopasnosti pri Sovete Ministrov Litovskoi SSR polkovnik V. Konopaveko. To: Zamestiteliu nachal'nika 2 Glavnogo Upravleniia general-maioru tov. Kardashevu A.V. Date: 3 April 1965); 37-39 (Dokladnaia zapiska. From: Zam. predsedatelia Komiteta Gosbezopasnosti pri Sovete Ministrov Litovskoi SSR podpolkovnik Petkiavichius. To: Zam. nachal'nika sluzhby 1 2 Glavnogo Upravleniia KGB pri SM Soiuza SSR polkovniku tov. Khamazinu I.V. Date: 2 October 1965); 40-42 (Dokladnaia zapiska. From: Zam. predsedatelia Komiteta Gosbezopasnosti pri Sovete Ministrov Litovskoi SSR podpolkovnik Petkiavichius. To: Zam. nachal'nika sluzhby 1 2 Glavnogo Upravleniia KGB pri SM Soiuza SSR polkovniku tov. Khamazinu I.V. Date: 6 October 1965); 43-44 (Memorandum: S materialov reagirovaniia naseleniia goroda Vil'nius na resheniia sentiabr'skogo Plenuma TSK KPSS (s polozhitel'noi storony). No date.); 45-46 (Memorandum: s materialov reagirovaniia naseleniia goroda Vil'nius na resheniia sentiabr'skogo Plenuma TSK KPSS (s otritsatel'noi storony). No date.). KGB summaries of popular responses were also devoted to political and foreign affairs. Responses to Khrushchev's dismissal were surveyed repeatedly, perhaps anxiously, in 1964 and 1965, as were rumours of war and responses to conflict in the Middle East and with China in 1967. On Khrushchev's dismissal: Hoover/LYA, K-1/3/627, 296-307 (Spravka : o reagirovanii naseleniia v sviazi s soobshcheniem ob osvobozhdenii KHrushcheva ot zanimaemykh postov. From: Predsedatel' Komiteta Gosbezopasnosti pri Sovete Ministrov Litovskoi SSR A. Randakiavichus. No date.); 308-316 (From: Predsedatel' Komiteta Gosbezopasnosti pri Sovete Ministrov Litovskoi SSR A. Randakiavichus. Date: October 1964); 317-323 (From: Predsedatel' Komiteta Gosbezopasnosti pri Sovete Ministrov Litovskoi SSR A. Randakiavichus. Date: oktiabr' 1964); 324-332 (From: Predsedatel' Komiteta Gosbezopasnosti pri Sovete Ministrov Litovskoi SSR A. Randakiavichus. Date: oktiabr' 1964). On foreign affairs and conflicts: Hoover/LYA, K-1/3/655, 30-37 (Spravka. From: Predsedatel' Komiteta Gosbezopasnosti pri Sovete Ministrov Litovskoi SSR Iu.Petkiavichius. Date: June 1967); 44-47 (Spravka. From: Predsedatel' Komiteta

separation as simply formalizing the typical internal structure of such reports: First, good news. Then, bad news.

Notable, given our interest in the economy, in the sixties as a period of transitions and reforms, and specifically in the KGB's analytical capacity, is an investigation of "the work of some enterprises of the Lithuanian SSR in the new conditions of management," dated May 1968.[48] This is more than the usual collage of canteen gossip; it claims that the KGB "has studied the status of productive activity through operative and other means." Still the structure is conventional, opening with two pages of good news (one factory has over fulfilled its plan, another has deprived undisciplined workers of their bonuses, a third has raised output and cut costs). Then an engineer is quoted on the danger of losing sight of the fact that a person is not just a worker but a "builder of communism." This leads to the "however" we were waiting for:

> However, in the work of enterprises that have gone over to the new system of planning and material incentives, there are also essential defects.

Some of the defects recounted are either unrelated to the reform or indicate that the reform has not gone very far: they are old stories that would have been familiar to any survivor of the 1930s. Several examples are given of the persistence of "storming," where the factory is idle in the early part of the month and most work is done in the last days. The report blames this on supply shortfalls which, in the new system, are unexpectedly costly. A factory is brought to a halt for lack of a component worth 60 rubles, as a result of which deliveries worth 60,000 rubles are delayed and the factory is fined 2,000 rubles for a contract violation. But the report also notes the moral hazard here, which is another old story: in the Soviet system it's always convenient to blame the supplier for one's own inadequacies. And there is high labour turnover, hardly a new phenomenon, which the KGB attributes to the pressure on workers arising from performance evaluation and to poor working conditions.

Gosbezopasnosti pri Sovete Ministrov Litovskoi SSR Petkiavichius. No date.); 51-54 (From: Predsedatel' Komiteta Gosbezopasnosti pri Sovete Ministrov Litovskoi SSR Iu.Petkiavichius. To: Tsentral'nyi Komitet Kommunisticheskoi Partii Litvy. Date: 31 October 1967).

[48] Hoover/LYA, K-1/3/664, 73-80 (Spravka: o rabote nekotorykh predpriiatii Litovskoi SSR v novykh usloviiakh khoziaistvovaniia. From: Predsedatel' Komiteta Gosbezopasnosti pri Sovete Ministrov Litovskoi SSR Petkiavichius. Date: May 1968).

The contemporary nub of concerns about reform is perhaps to be found in a discussion of wage cuts at a textile factory, where two named employees are cited as spreading an idea with anti-Soviet implications:

> The new system is supposedly a fraud and with its help Soviet rule will not allow the workers the chance to earn more.

The last part of the report is devoted to a brief summary of expert opinion. Three people are cited: a lecturer with management experience, a research student, and an academically trained manager. The lecturer points out that the recentralization of planning under the industrial ministries in Moscow means a loss of authority for Lithuania's government and plan agency. The research student criticizes the continuing lack of salary incentives to stay in college and acquire a professional training. The manager thinks planning would be associated with better incentives if the government would commit to longer term quotas and contracts of three to five years, rather than revising them every year. (But these are all old issues; it's just that the 1965 reforms either left them untouched or, in the case of regional authority, reinstated the old system.) There the report stops abruptly; there is no conclusion or summative evaluation.

A common feature of KGB reports was the near absence of a "bottom line," such as might have been represented by an executive summary or checklist of action points. In rare cases when conclusions were reached, they were generally limited to statements of the obvious or reinforcement of what was already known.

The Alec Nove test was whether the KGB was interested in the enterprise wage fund. A key issue in economic reforms was whether the financial constraint on the wage fund should be hard or soft. To summarize our evidence on this aspect, the KGB showed no interest in this issue; there is little sign that the KGB even understood it. As its responses to economic emergencies have demonstrated, the KGB *was* interested in the issue only if hardening the wage fund constraint threatened economic disruption, in a context where the smallest disruption could signal the foreign enemy directly or indirectly at work.

8. Discussion: Regulation and human capital

A standard approach to the economics of market regulation is to seek to regulate up to the point where the difference between regulatory benefits and burdens is maximized (Viscusi, Vernon, and Harrington 2005, p. 9). The benefits flow to the consumer, and arise from limiting market power, enforcing market transparency, and preventing discrimination. Then there are the costs. Direct costs are the resources consumed by the

regulator, and these are met by the taxpayer. Often more important are the indirect burdens on producers and consumers that arise because regulated firms face higher costs of compliance (or avoidance or evasion).

The conventional approach is sometimes criticized because it ignores the political aspect of regulation. Political authorities often use regulation to serve multiple (and hidden) objectives that go far beyond consumer welfare. Because of this, as Dieter Helm (2006) has pointed out, "Economics can illustrate the costs and benefits of intervention, but not the desirability."

The regulatory role of the KGB that emerges from our description was strikingly different from that assumed conventionally. The purpose of the KGB in the Soviet command economy was to forestall disruption of the plans of an authoritarian regime. It worked to enforce secrecy, monopoly, and discrimination, in other words, taking a direction exactly opposite to the competition, transparency, and non-discrimination promoted by market regulators in liberal democracies.

While distributing benefits to the regime, KGB regulation was costly. Costs were both direct and indirect. Based on the records of the regulator, we can show only the direct costs. The KGB was a small organization, employing one per thousand of the Soviet Lithuanian workforce, so the direct costs of KGB regulation were small. While the KGB was small, related research (Harrison 2013b) has suggested that costs *to the KGB itself* of adhering to *its own standards* of secrecy were very substantial. If the facilities that the KGB regulated faced similar costs, then indirect burdens on the economy would be similarly substantial. But here we speculate. Only the records of the regulated facilities and organizations can reveal the scale of indirect costs and their trends over time.

To add a necessary complication, the literature on regulation in market economies recognizes that the regulator is likely to know less than the firm that is being regulated. The result may be unintended consequences. When regulation fails to recognize the ignorance of the regulator, firms can be incentivized to raise costs, dilute quality, or fail to invest in necessary infrastructure. Analysis of the differences in information held by firms and regulators suggests how to design efficient regulatory policies in the presence of this asymmetry (Armstrong and Sappington 2007).

Transferring these ideas to the Soviet context we might think of KGB regulation of personnel selection as a mechanism that changed the incentives of both firms and employees. The KGB administration of security clearance impeded the capacity of firms to select and promote qualified personnel. In order to avoid difficulties and delays, firms would have had an incentive to promote personnel on known loyalty before known competence.

This would be bad enough if loyalty and incompetence were orthogonally distributed. It would be worse if they were correlated. Egorov and Sonin (2011) have considered the loyalty-competence trade-off under a dictator who values competence, but fears the challenge of enemies and betrayal by his nearest supporters, and fears them more, the more competent they are. For this reason, Egorov and Sonin write, "loyalty and incompetence are two sides of the same token."

It seems highly likely that KGB regulation of the market for managers did long-term damage to the supply side of the Soviet economy. It turned the personal acquisition of skills and qualifications into a highly uncertain investment, because no one could be sure that some marker for disloyalty would not then be found in their past and used to deny promotion. To avoid the risk of exposure of dubious personal or family histories, employees would have had incentives to avoid acquiring the skills and competences that would put them in line for promotion. KGB control of promotion made a quiet life in a low-skill, low-wage environment preferable to seeking distinction and risking the scrutiny that would inevitably follow.

An implication is that human capital accumulation in the Soviet society suffered from adverse selection. The Polish economist Włodzimerz Brus (1975, p. 200) came to the same conclusion from personal experience, describing the tendency to "negative selection" of personnel under communism for "servility and conformity."

There is no evidence, however, that the KGB was even slightly interested in the economic costs or unintended economic consequences of its counter-intelligence role. Here was something no one needed to know.

Conclusions

Why should economists and economic historians pay attention to the KGB? A short answer is that the KGB paid a great deal of attention to the economy. Why and how it did so and with what results are all questions of legitimate scholarly interest. These are questions, moreover, that were hard to answer until now, and have rarely (if ever) been posed.

We have shown that KGB counter-intelligence had potentially important economic functions and effects. The KGB had a permanent presence in the core facilities of the economy through its officers and agents. Its purpose was to frustrate the hostile forces seeking to penetrate and intervene in Soviet society and to forestall the disruption that they sought to bring about. The KGB limited the flow of correspondence and controlled access to information. It monitored the loyalty of the workforce and enforced discrimination in the selection and promotion of personnel. It intervened in situations involving discipline and conflict.

KGB counter-intelligence imposed regulatory burdens on the Soviet economy. To the extent that previous scholarship has ignored the counter-intelligence function, it has also neglected the burdens. KGB records give us ample evidence that the burdens existed, but do not tell us how large they were. For this, further research is needed in the records of the enterprises and organizations that were regulated by the KGB.

The same past neglect of the counter-intelligence function in the command economy may have led to understatement of the extent to which design features of the economy such as its forms of centralization and hierarchy were tailored to internal security objectives. Recent advances in Soviet economic history have emphasized the need to take external security seriously as a goal of the planned economy. We think the same should be said about internal security.

At the same time, if the economy was designed to meet the needs of counter-intelligence, there is little evidence that design was intelligent. We find no evidence that the Lithuania KGB was active in articulating what economic goals or reforms would best meet the needs of internal security. It showed no concern for unintended consequences. In the market for talent, KGB regulation weakened or inverted selection on competence and discouraged the talented from acquiring skills. There is no sign that the KGB thought about such wider social costs.

The KGB was the party's instrument, not its brain. Whether the brain was hidden somewhere else in the system, or had withered away, or had ever existed is another story.

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Data appendix

The full data appendix is omitted for reasons of space, but can be consulted at:

http://warwick.ac.uk/cage/research/wpfeed/170-2013_harrison.pdf

Figures

Figure 1. Lithuania: towns and borders

Source: Google Maps (accessed 21 July 2013). The names of neighbouring territories are added.
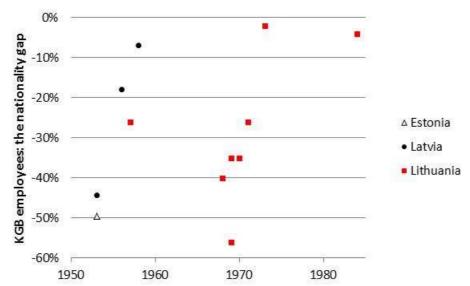
Figure 2. The Baltic KGBs, 1953 to 1984: the local nationality gap
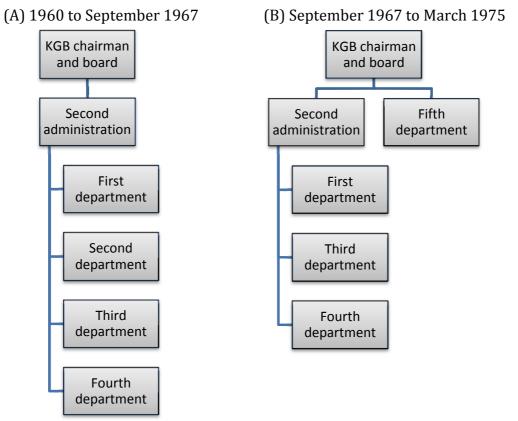

Source: Appendix table A-1.
Notes:
The "nationality gap" is the percent share of local nationals in the KGB workforce, less their percent share in the resident population in the 1959 census.

In the Soviet Union, national identity (e.g. Russian, Estonian) was self-declared for purposes of acquiring personal identity papers and in national censuses. We suppose that the Estonian and Latvian KGB figures were based on self-declaration. For Lithuania the KGB figures are based on the ethnic identification of family names given in holiday rosters and circulation lists found in KGB files.

For Estonia and Latvia, the data points span the entire Republican KGB. For Lithuania, they are based on much smaller KGB subunits (specific departments of the second administration).
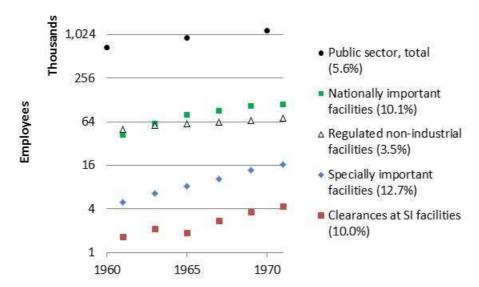
Figure 3. Structure of KGB counter-intelligence in Soviet Lithuania, 1967 to 1975

(A) 1960 to September 1967

(B) September 1967 to March 1975

```
KGB chairman
and board
    |
Second
administration
    |-- First department
    |-- Second department
    |-- Third department
    |-- Fourth department
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```
KGB chairman and board
    |-- Second administration        |-- Fifth department
         |-- First department
         |-- Third department
         |-- Fourth department
```

Sources: Anušauskas (2008) and "Kontržvalgyba" (Counter-intelligence) at http://www.kgbveikla.lt/lt/kontrzvalgyba, accessed 28 May 2013.

Key:

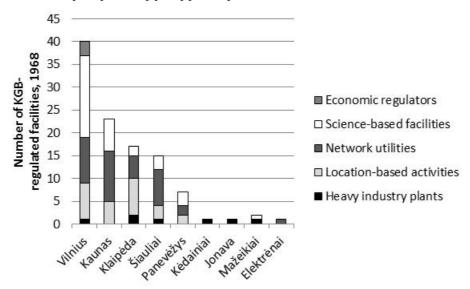| Department	Counter-intelligence focus
First	Foreign intelligence agencies, military facilities, and border zones
Second	Domestic anti-Soviet networks
Third	Industrial, transport, and research facilities and personnel
Fourth	Penetration and disruption of hostile networks
Fifth	Ideological matters

Figure 4. Employment in facilities regulated by the Lithuania KGB second administration, and in the Lithuania public sector: 1960 to 1971, selected years

Source: Regulated facilities, from Appendix Table A-5; public sector from TsSU (1961, p. 638; 1972, p. 601).

Notes: Figures in brackets are annual average growth rates taking first and last years of each series. Regulated non-industrial facilities are in transport, communication, and trade facilities and fisheries. Clearances are for "secret" correspondence and above.

Figure 5. Facilities regulated by the Lithuania KGB second administration, June 1968, by city and type of facility

Source: For the complete list of 107 regulated facilities see Appendix Table A-6. Cities are ranked from left to right in declining order of resident populations according to the 1970 Soviet census, based on Appendix Table A-7. Categories are ranked from top to bottom in declining order of their relative frequency in the capital Vilnius, as defined in Table 10.

Tables

Table 1. Persons linked to the West under Lithuania KGB supervision, 1960s (annual average)

	1961 to 1965	1967 to 1971
Residents of Lithuania:		
With foreign correspondents or family ties[a]	525,000	...
Travelling to capitalist and developing countries	1,004	4,437
Of which, via sporting, cultural, and scientific exchanges	...	176
Visitors to Lithuania:		
From capitalist and developing countries	12,327	13,877
Of which, via sporting, cultural, and scientific exchanges	...	181

Source: Taken or calculated from Anušauskas (2008, p. 71). Figures are annual averages based on alternate years within the period shown, unless noted otherwise.

Note:
   [a] 1961.

Table 2. Lithuania KGB employees, 1960s (annual average)

	1961 to 1965	1967 to 1971
Employees, total	1,183	1,198
Of which:		
Second administration	132	85
Fifth department	...	57
Subtotal	132	143
Local departments	415	401
Other departments	635	655

Source: Calculated from Appendix Table A-2.

Note. There were 36 local departments in 1961 to 1965, and 28 in 1967 to 1971. "Other" departments: the fifth, seventh, operational-technical, and investigative departments, the information and analysis subdivision, and the secretariat.

Table 3. The Lithuania KGB agent network, 1960s (annual average)

	1961 to 1965	1967 to 1971
Agents	3,354	3,982
Trusted persons	3,413	6,286
Total	6,767	10,267
Of which:		
Second administration		
and fifth department	1,297	2,031
Local departments	5,413	8,162
Other departments	57	74

Source: Calculated from Appendix Table A-3. On local departments see Table 3. "Other departments" are the residual.

Table 4. The density of agent networks: selected regions and years

	Soviet Union (1935)	Soviet Lithuania (1970)	East Germany (1991)
Resident population, millions	159.2	3.1	15.9
State security employees and informers, thousands	500	12.0	270
Agents per thousand	3.1	3.8	17.0

Sources: Populations, for the Soviet Union, the average of figures for 1 January 1935 and 1936 from Andreev, Darskii, and Khar'kova (1993, p. 118); Soviet Lithuania, the census figure for 15 January 1970 from TsSU (1970, p. 10); East Germany, the mid-1991 figure from The Conference Board Total Economy Database January 2013, at http://www.conference-board.org/data/economydatabase/ (accessed 9 June 2013).

State security employees and informers, for the Soviet Union, Shearer (2009, p. 136); for Soviet Lithuania, totals of employees, agents, and trusted persons averaged over 1969 and 1971 from Appendix Tables A-2 and A-3; for East Germany, Bruce (2012, p. 10).

Table 5. Lithuania KGB third department officers' education level, 1977

	Number	Percent
Doctor of technical sciences	1	1%
Candidate of science	17	14%
Higher (university) education	77	62%
Incomplete higher education	7	6%
Secondary Education	22	18%

Source: Compiled from figures given by Grybkauskas (2009, p. 100.)

Table 6. Lithuania KGB case-load indicators, 1960s (annual average)

	1961 to 1965	1967 to 1971
Total:		
Alerts of operational significance	...	2,531
Cases under investigation	1,592	1,183
Persons under investigation	1,601	1,213
Persons prosecuted	40	35
Per 100 employees:		
Alerts of operational significance	...	211
Cases under investigation	135	99
Persons under investigation	135	101
Persons prosecuted	3.4	2.9
Per 100 agents and trusted persons:		
Alerts of operational significance	...	25
Cases under investigation	24	12
Persons under investigation	24	12
Persons prosecuted	0.6	0.3

Source: Totals (first four rows) are calculated from Appendix Table A-4. Other figures are normalized by employees, agents, and trusted persons, on the basis of Appendix Tables A-2 and A-3.

Table 7. Persons identified by agents and trusted persons in facilities of industry, transport, and communications in Lithuania, 1968

	Number
Previously convicted of state crimes	409
Returned from special settlements	336
Repatriated or re-emigrated	33
German collaborators or served in the German police or armed forces or punitive units	23
In contact with foreign sailors and foreigners	45
In correspondence with relatives living in capitalist countries	711
Visited capitalist and developing countries as specialists	79
Visited capitalist countries as tourists	13
Visited capitalist countries privately	13
Visited the Polish People's Republic privately	119
Legalized [former] bandits and Soviet Army deserters	6
Sectarians, Baptists, etc.	26
Convicted of criminal and other offenses	62
Persons with close relatives against whom there is compromising evidence	69
Persons meriting attention of the organs of state security for various reasons	49

Source: Hoover/LYA, K-1/3/664, 154-167 (Spravka. From: Nachal'nik 3 otdela 2 upravleniia KGB pri SM Litovskoi SSR – podpolkovnik Akimov. Date: 19 November 1968). Row headings are ordered as in the original. The sum of the rows is 1,993 persons.

Table 8. Facilities regulated by the Lithuania KGB second administration, 1960s (annual average)

	1961 to 1965	1967 to 1971
Facilities "of special importance"	7	9
In which, employees	6,607	13,438
Of which, cleared for documentation classified "secret" or higher	1,889	3,564
Facilities "of national economic importance"	116	111
In which, employees	61,490	102,981
Transport, communication, and trade facilities and fisheries	21	27
In which, employees	56,006	67,275

Source: Calculated from Appendix Table A-5. Figures are annual averages based on alternate years within the period shown.

Table 9. Closed factories: Lithuania, January 1978

Full name:	Mailbox no.
Vilnius	
1. Research Institute of Electrography	G-4602
2. Vilnius Design Bureau	G-4322
Factory of the Vilnius Design Bureau	V-2260
3. Vilnius Research Institute for Radar Instruments	R-6856
4. Radar Instrument Factory	A-7859
5. Vilnius Radio Components Factory	A-7128
6. Lithuanian Instrumentation Factory	A-7934
7. Vilnius Design Bureau for Magnetic Recording	A-3593
Kaunas	
1. Kaunas Radio Factory and Design Bureau	A-1679
2. Kaunas Research Institute for Radar Equipment [KNIIRIT]	V-8574
3. Factory of KNIIRIT	A-1679
Šiauliai	
1. Šiauliai "Nuklon" Factory	M-5621

Source: Hoover/LYA, K-1/3/748, 15 (Spisok zakrytykh predpriiatii. Date: 23 January 1978). Numbering is as in the original.

Table 10. KGB-regulated facilities in five towns of Soviet Lithuania, 1968: relative frequency by location and category.

	All facilities	Economic regulators	Science-based facilities	Location-based activities	Network utilities	Heavy industry plants
Vilnius	1.6	4.2	2.2	1.3	1.1	0.6
Kaunas	1.1	0.0	1.1	1.0	1.5	0.0
Klaipėda	1.8	0.0	0.7	3.5	1.5	3.2
Šiauliai	2.4	0.0	1.5	1.9	3.7	2.4
Panevėžys	1.4	0.0	1.9	1.6	1.2	0.0

Source: Calculated from Appendix Tables A-6 and A-7.

Notes: In Soviet Lithuania in 1970, 1,571,737 civilians lived in 115 urban locations, as listed in Appendix Table A-7. The table shows the proportions of KGB-regulated facilities in each category that are found in each town, divided by the proportion of urban residents that lived there in 1970. Five facilities in four smaller towns (Kėdainiai, Jonava, Mažeikiai, and Elektrėnai) are included in the calculation but are not shown in the table because at low absolute frequencies results are dominated by zeros and ones. No town larger than Panevėžys is omitted from the table.

Table 11. Agents and alerts received by the Lithuania KGB second administration, third department, Kaunas and Panevėžys, 1969

	Kaunas	Panevėžys
Facilities under supervision	...	10
Agents	97	23
Safe-house holders	13	
Trusted persons	...	65
Of which, providing alerts:		
Agents	31	6
Trusted persons	27	9
Other sources	17	9
Alerts, total	75	24
Of which:		
Anti-Soviet expressions and propaganda	24	11
Suspicious contact with foreigners	16	...
Suspected illegal firearms	11	2
Suspected secrecy violations	6	3
Suspected treason	6	...
Suspected spies and state criminals	4	...
Industrial accidents	4	...
Suspected anti-Soviet activity	3	...
Attempts to send slanderous information abroad	1	...
Disorganization and "negative phenomena" in collectives	...	4
Threats to disrupt production	...	2
Suspected false identification papers	...	2

Sources: Hoover/LYA, K-1/3/668, 164-167 (Dokladnaia zapiska. From: Zam nachal'nika Panevezhskogo GO KGB pri Sovete Ministrov Litovskoi SSR podpolkovnik F. Volkov. To: Nachal'niku 3 otdela 2 upravleniia KGB pri Sovete Ministrov Litovskoi SSR kapitanu tovarishchu Morkunasu E.B. Date: 4 December 1969); Hoover/LYA, K-1/3/668, 168-191 (Spravka: o rezul'tatakh raboty 3-go otdeleniia za 1969 god. From: Nachal'nik 3 otd-ia Kaunasskogo gorotdela KGB pri SM Lit. SSR – maior Trukhachev. Date: 9 December 1969).

Table 12. Kompromat in two dimensions: Panevėžys, December 1972

	Circumstantial evidence	Voluntary hostile action	Total
Historical	167	55	222
Contemporaneous	65	34	99
Total	232	89	321

Source: As Appendix Table A-8. Units of measurement are instances of compromising information held by the KGB and distributed over the 176 persons covered in Table A-8.

Table 13. Kompromat and the compromised: Panevėžys, December 1972

Contemporaneous hostile action?	No	Yes	Difference	
Total	142	34	...	
Personal data				
Prob. Russian	1%	0%	-1%	
Prob. Female	39%	47%	8%	
Average age in 1944	19.7	21.9	2.11	
Average years education	10.1	8.3	-1.81	**
Prob. Party or Komsomol	6%	15%	8%	*
Employment status				
Prob. Employed	86%	79%	-7%	
Prob. WC/Supervisor | Employed	77%	59%	-17%	**
Prob. Retired	10%	15%	4%	
Prob. Housewife	4%	6%	2%	
Nature of compromising evidence				
Prob. Historical circumstances:				
Personal	18%	12%	-7%	
Of family member	7%	3%	-4%	
Prob. Liable to resettlement:				
Personally	6%	3%	-3%	
As family member	19%	6%	-13%	**
Of family members	8%	3%	-5%	
Prob. Historical action:				
Personally	15%	9%	-6%	
By family member	35%	15%	-20%	**
Prob. Sentenced:				
Personally	21%	3%	-18%	**
Family member	13%	9%	-5%	
Prob. Current circumstances:				
Personally	6%	12%	6%	
Family member abroad	24%	44%	20%	***
Prob. Current action:				
By family member	1%	6%	4%	*

Source: As Appendix Table A-8. "WC" = white collar. Significance: * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$. Significant differences are shown for information, but do not merit literal interpretation because no one entered the sample without having been selected for it by circumstance or voluntary action, historic or contemporaneous.