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## **The World's Largest Airline: How Aeroflot Learned to Stop Worrying and Became a Corporation**

Steven E. Harris

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2021

The Corporation in Russia

Guest edited by **Douglas Rogers**

Корпорации в России

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ЖУРНАЛ СОЦИАЛЬНЫХ ИССЛЕДОВАНИЙ RUSSIAN REVIEW OF SOCIAL RESEARCH

# THE WORLD'S LARGEST AIRLINE: HOW AEROFLOT LEARNED TO STOP WORRYING AND BECAME A CORPORATION

**Steven E. Harris**

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Similar to sex, the Soviet Union did not have corporations. The famous utterance from the Gorbachev era about a sexless Soviet existence suggests how we might approach what happened to the corporation in Soviet history. Like explicit sex in Soviet culture, the workers' state formally eradicated the dreaded incorporated bodies of capitalism and gave them no quarter in subsequent ideological battles. But just like sex, the behaviors and practices of corporations kept cropping up in the oddest places to help sustain the Soviet economy, while the West remained a source of inspiration for new ways to do it. To examine the corporation in the Soviet era, this article explores Aeroflot and the routes it shared with Pan American World Airways between the United States and Soviet Union in the late 1960s and 1970s. I argue that operating in the US market allowed Aeroflot to learn how to become a corporation well before the Gorbachev era and the collapse of the USSR. Aeroflot's adaptations of corporate practices bolstered rather than threatened the airline and the Soviet political economy. In addition, I show how the airline relied not just on Pan Am but also on a network of American businesses and individuals, including émigrés from Russia, to acculturate itself to corporate practices. What Aeroflot's example suggests, I argue, is that Soviet enterprises could become corporations in all but name beyond Soviet borders and that their models for doing so were not prerevolutionary Russian corporations but Western corporations of the postwar era. This article also demonstrates the ways corporations and state socialist enterprises

shaped the Cold War, as well as what closer attention to them can reveal about how the superpower conflict ended.

**Keywords:** Aeroflot; Pan Am; Cold War; Commercial Aviation; Advertisements; Corporation

To American aviation experts during the Cold War, Aeroflot was many things, but a corporation in any conventional sense it was not. To some, it was an “operation,” communist infiltration dressed up to look like an airline. Soon after Aeroflot shocked the world in 1956 by introducing its first jet passenger aircraft, the Tupolev TU-104, the Air Transport Association of America sounded the alarm with its pamphlet, *Red Star into the West*. Aeroflot’s encroachment in the Indian Ocean and the Middle East “would carry the Soviets right into the heart of that part of the world which American diplomacy and military statecraft has [sic] sought hardest to make safe for the West. *The Soviet turboprop and turbojet transports may turn out to be a greater challenge to Western aspirations, than Soviet military might could be*” (*Red Star into the West* 1958:1; emphasis in the original). Aeroflot’s roles in espionage, stealing aviation technology, serving as a cover for KGB agents, and the 1968 Soviet suppression of the Prague Spring drew anxious media attention (*Washington Post* 1965; *Guardian* 1966; *New York Times* 1967; Anderson 1980; Cemlyn-Jones 1980).<sup>1</sup> Even its part in a fictitious invasion of the United States in the film *Red Dawn* was evident to any American teenager. “First wave of the attack came in the disguise of commercial charter flights same way they did in Afghanistan.”<sup>2</sup>

To less alarmist observers, Aeroflot was a sprawling organization with functions no other airline undertook. In a 1960 report funded by the Lockheed Aircraft Corporation, aviation consultant and future head of the Civil Aeronautics Board (CAB) Secor Browne highlighted its special roles in crop dusting, forest management, mapping, and nautical navigation.<sup>3</sup> Aeroflot contributed to meteorological studies and polar exploration, provided airborne ambulances, and advanced aviation through “DOSAAF (Voluntary Society for Cooperation with the Army, Air Force, and Navy), a 3,000,000-member paramilitary organization designed to promote interest in flying, gliding, parachute-jumping, etc.”<sup>4</sup> Later analysts like R. E. G. Davies similarly marveled at Aeroflot’s unique status among world airlines: “In size and stature by almost any measure of comparison, there has never been an airline quite like Aeroflot, and there never will be again” (2011:150).

The Soviet state, of course, celebrated Aeroflot’s size and unique responsibilities as signs of superiority. In contrast to Western airline companies that debased themselves in pursuit of profits, the Soviet airline was represented as a rationally organized unit of the socialist state that fulfilled critical needs of the planned economy

<sup>1</sup> On the KGB’s use of Aeroflot planes in 1968 to invade Czechoslovakia, which was reported in a Western aviation periodical, see Svik (2020:216–217).

<sup>2</sup> *Red Dawn*, directed by John Milius (1984; United Artists). Quotation is from 55:15, when the colonel describes the surprise Soviet military assault on the US.

<sup>3</sup> On Browne’s career, see Witkin (1986).

<sup>4</sup> Secor Browne, *Aeroflot: Soviet Civil Aviation*, pp. 1–2, Acc I, box 54, folder 1, PAWA Records.

and advanced world peace.<sup>5</sup> Its operations fell under the Chief Directorate of the Civil Air Fleet, which was created in 1923 and renamed the Ministry of Civil Aviation in 1964; “Aeroflot” became the airline’s shorthand name in 1932 (Sollinger 2014:26, 38–39). Its branding as a national flag carrier put it on par with many Western airline corporations. But in legal terms, it would have to wait until after the Soviet Union’s collapse to be recognized as one. Following the post-1991 demise of the Ministry of Civil Aviation and the creation of around 180 airlines in Russia, a much downsized Aeroflot became an open joint-stock company in 1994 (308).

Scholarship on Aeroflot belongs to the wider literature on Russian aviation, which covers a variety of topics from aviation culture and military history to fighter pilots and aircraft design (Hardesty 1982; Davies 1992; Higham, Greenwood, and Hardesty 1998; Pennington 2001; Palmer 2006). Although official accounts sponsored by Aeroflot have chronicled its institutional history (Bugaev 1981; Molodtsov 1987; Sutulov, Kartyshev, and Timchenko 1999; Ivanenko 2005), scholars of Russian aviation have largely ignored Aeroflot’s history as an airline. An early exception was Betsy Gidwitz’s rich study of Aeroflot’s international routes, in which she argued that its chief roles abroad were primarily political: “The nature of Aeroflot international conduct reflects a *total* Soviet ‘art of operations,’ which, according to Richard Pipes, ‘draws no distinction between diplomatic, economic, psychological and military means of operation’” (1976:vii; emphasis in the original).<sup>6</sup> Similar to assessments cited above, including Soviet sources, Gidwitz depicted Aeroflot as a unique airline closely tied to its state and fundamentally distinct from Western counterparts. While adding much to what we know about the Soviet airline, subsequent scholarship has done little to challenge these conclusions (e.g., Jones 1998).

In a more recent study of Aeroflot’s legal and regulatory history, Günther Sollinger likewise argues that Aeroflot distinguished itself from nonsocialist airlines because it combined “regulatory-administrative and commercial-operative functions” (2014:22). Echoing Gidwitz, he underscores that the Soviet carrier is best seen as “one element in a greater puzzle, part of a national plan drafted and decided by federal authorities in Moscow” (56).<sup>7</sup> Aeroflot’s domestic operations, a unit fully integrated into the Soviet state and its planned economy, are perhaps best described as a public utility, a category scholars have used for other socialist airlines (Filipczyk 1998). Although the airline is at times described loosely as a “company” (e.g., Svik 2020:49, 56), what that might mean in comparison to its Western counterparts is not explored. Aeroflot, scholars and others have assumed, was many things, but never a corporation in any meaningful sense and remained distinct from its peers in the West.

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<sup>5</sup> The Soviet magazine *Grazhdanskaia aviatsiia* (*Civil Aviation*) consistently represented Aeroflot in this manner. For examples of the magazine’s negative representations of foreign corporations, see Pol’skoi (1957) and Ignat’ev (1959).

<sup>6</sup> See also her assessment of Aeroflot’s political functions in her broader study of civil aviation in Gidwitz (1980).

<sup>7</sup> Such blurring of the lines between regulators and the airline industry is not entirely unknown in the West as the recent case of Boeing’s 737 Max illustrates (see Laris, Duncan, and Aratani 2019).

This article complicates assumptions that Aeroflot was a unique airline on the world stage and shared little of substance with airline corporations outside the socialist world. I do so by exploring the ways Aeroflot adopted, in its operations abroad, a range of practices normally associated with corporations. Such adaptations did not fundamentally change its status at home as a ministry fully integrated in the Soviet political economy. Moreover, I do not wish to explore—at least not yet—the relationship between Aeroflot's corporate practices and either the Soviet Union's collapse in 1991 or the airline's subsequent reemergence as a globally competitive corporation. To be sure, scholars have demonstrated how the managers of state enterprises in the 1980s, who operated where capitalist and state socialist economies intersected or initiated limited privatization, played a critical role in state socialism's collapse (Verdery 1996:31–37). Instead, this article aims to show how Aeroflot learned and adopted critical features of corporations—and even became a legally recognized corporation in a certain context—while remaining Soviet and bolstering the Soviet system.

To demonstrate this, I examine the Soviet airline's entangled relationship with Pan American World Airways Inc. with which it shared a route between Moscow and New York starting in July 1968. Aeroflot's route to New York, along with a later one to Washington and charter flights, raised the Soviet flag carrier's global prestige, bolstered the Soviet state's claims of pursuing peace, and helped achieve symbolic parity with the USSR's Cold War adversary. Routes to the US also allowed Aeroflot to fulfill one of its chief responsibilities abroad, earning hard currency. The Soviet airline achieved these political and economic goals abroad, I argue, by learning to behave like a Western airline corporation that made it anything but unique among world airlines. Its adopted corporate practices are best seen in Aeroflot's ability to overcome a steep learning curve in a new market, robust advertising and branding campaigns, aggressive competition with Pan Am, circumventing regulators to gain market share, and legal defense in New York State court as a "foreign corporation." In this article, I explore these facets of Aeroflot's operations to argue that to the airline's many functions we should add that of successfully becoming a corporation in the West's political economy.

As a window onto the Cold War, Aeroflot and Pan Am's relationship has been studied primarily "from above" at the top levels of governance and diplomatic relations. Hans Heymann Jr. (1972) provided the first history of the negotiations, frequently interrupted by Cold War incidents, that produced the US-Soviet Civil Air Agreement of 1966, which regulated Aeroflot and Pan Am's shared routes. More recently, Peter Svik (2020:81–94) has similarly examined how the Cold War persistently stymied both countries' political and diplomatic efforts to forge the agreement. In addition, Svik explores how US and Soviet attempts to revise and expand the agreement faltered over the course of the 1970s and finally collapsed in the early 1980s (147–153). Overall, Svik argues that the Cold War, particularly its security and strategic aspects, was the driving force behind the development of postwar civil aviation, its regulatory regimes, and its technological developments with which the Soviet Union failed to keep up. For other scholars, such as Karl Lorentz Kleve (2020), the pursuit of air routes across the

Iron Curtain, especially in the mid-1950s, demonstrates instead how airlines like SAS and their governments successfully pushed back against the Cold War in pursuit of economic interests. Similar to Heymann's earlier study, both Kleve and Svik take a bird's-eye view of civil aviation by examining it from the perspective of the states and their bureaucracies in the overall context of the Cold War.<sup>8</sup>

This article shifts our attention to the two airlines themselves, Aeroflot and Pan Am, and their role in shaping the Cold War. Situated in between the states and their agencies that regulated civil aviation, on the one hand, and the passengers who consumed air travel, on the other, the airlines and their executives provide a largely unexamined perspective and source of influence on the Cold War. By focusing on the two airlines, this article presents a "history from the middle" and draws from previously unexamined archival sources for both airlines, mass media sources, and memoirs.<sup>9</sup> In this study, I trace Aeroflot and Pan Am's relationship from the origins of the Moscow–New York air route in the late 1950s through their experience flying between the US and USSR in the late 1960s and 1970s. The two airlines' "entangled history" reveals that neither operated as one might expect given the political economies they represented.<sup>10</sup> Aeroflot bested Pan Am by earning more revenue, flying more passengers, and aggressively growing its business between the US and USSR. I end in the early 1980s, when all commercial flights were suspended between the two countries because of heightened Cold War tensions. Although Aeroflot and Pan Am renewed flights in 1986, this last chapter in their business relationship, set in the Reagan–Gorbachev era, requires a separate examination. This article, therefore, is chiefly concerned with Aeroflot's and Pan Am's operations during détente and with what their different experiences can tell us about the entangled roles of corporations and state socialist enterprises in the Cold War and late socialism.

## AEROFLOT AND CORPORATIONS IN THE COLD WAR

Already before flying to the US, Aeroflot most approximated European flag carriers, such as Air France and Lufthansa, that were partially or majority owned by a state, pursued that state's geopolitical goals, served as a symbol of national pride, and competed for passengers through customer service and advertising (Sampson 1984; Dienel

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<sup>8</sup> This bird's-eye view is in part shaped by these authors' choice of sources that favor enduring representations of Aeroflot as a unique airline and an indistinguishable part of the Soviet state. Given his goal of tracing how a major US government decision was made, Heymann focused exclusively on the top US government agencies involved in the air agreement; at the time he conducted his research, he did not have access to Soviet archival sources. In both Kleve's and Svik's studies Aeroflot's role is refracted through the lens of foreign governments, international agencies, foreign airlines, and their communications with the Soviet state and its airline. Neither scholar, however, draws on Soviet published or archival sources, the latter of which include documentation intended for internal consumption, which reveals the perspectives of Aeroflot's managers speaking among themselves and with their superiors in the Soviet government and Communist Party.

<sup>9</sup> I borrow the phrase "history from the middle" from Kennedy (2010:35–51). On the usefulness of this concept in Soviet historiography, see Doucette (2020) and Smolkin (2020).

<sup>10</sup> On "entangled history," see Werner and Zimmermann (2006:30–50).

and Lyth 1998; Autier, Corcos, and Trépo 2001). In contrast, Pan Am was an informal flag carrier, a “chosen instrument” of US foreign policy, but always a private corporation not owned in whole or in part by its government (Van Vleck 2013). Thinking about Aeroflot as a national flag carrier that acted abroad like a corporation de-emphasizes its uniqueness. At the same time, it reveals a critical feature of the Soviet airline that has largely been ignored: Aeroflot’s ability to successfully adapt to different political economies and remain an integrated economic unit of the Soviet state. These were the political economies of the USSR and the broader state socialist world, the Global South, and the capitalist West. Whereas Pan Am succeeded well in the last two, it largely failed to do so in the first. In contrast, Aeroflot’s successes operating in all these political economies call for closer analysis, particularly since the airline did so while simultaneously falling behind in critical technologies such as engine design.<sup>11</sup>

In showing how Aeroflot adopted features of Western airline corporations, this article contributes to broader discussions about the corporation’s role in Russian history by focusing on late socialism. Scholars have shown wide variation in corporations in Russian history but have largely examined them before and after the Soviet period (Vinkovetsky 2011; Rogers 2015; Grinev 2016). Beyond Russian history, the corporation as a category of economic organization has changed significantly over time and place (Wilkins and Schröter 1998; Sicard 2015; Harris 2019). Even in the relatively short history of the United States, corporations saw significant transformations such as the shift from fulfilling a public good at a profit to pursuing purely private aims (Roy 1997; Sale 2011; Newfield 2014; Lamoreaux and Novak 2017). As the literature on European flag carriers cited above illustrates, a range of airline corporate models existed with different types of ownership, economic goals, and relations to states and societies. Aeroflot’s experience, this article shows, demonstrates how a Soviet enterprise adopted corporate practices not from the remnants of pre-revolutionary Russian corporations but from foreign corporations of the postwar era. European flag carriers and Pan Am were Aeroflot’s chief sources for learning to be a corporation, but other non-airline corporations also played these roles. In short, the corporate practices examined here were from entirely foreign sources and entered the Soviet entity in question during the Brezhnev era.

Following the Soviet collapse in 1991, the reappearance of corporations in Russia drew scholars to explore their prerevolutionary origins, as well as prerevolutionary resistance to corporations. Without the benefit of additional hindsight and archival sources available today, it made sense to conclude that the Soviet era had contributed little but destruction and vilification to the history of the Russian corporation. An illustrative example of such assessments is Thomas C. Owen’s study (1995) that explores the history of corporations in Russia up to 1914, skips the Soviet period, and then picks up their history anew in the late Gorbachev era. In this account, corporations in Russia faced a Sisyphean struggle against an ingrained, often xenophobic cultural opposition to their economic organization and to capitalism

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<sup>11</sup> On the roles that aircraft engines played in developing the global civil aviation sector and how the Soviet Union fell behind despite numerous attempts to strike deals with Western companies for engines and their technologies, see Svik (2020:119–145, 205–220).

more broadly. The Soviet system's role in propagating such hostility is taken for granted. Moreover, in this view the Soviet system and its enterprises did nothing constructive to pave the way for the return of corporations in Russia until Mikhail Gorbachev's reforms of the mid-1980s. While much has been written on the Soviet Union's transfer and reverse engineering of Western technology throughout its history (Bailes 1981; Greenwood 1998; Hardesty 2001), inquiry into the country's possible adaptations of corporate practices well before the Gorbachev era is lacking.

In contrast, this article suggests that Soviet enterprises like Aeroflot did not have to wait for perestroika to stop worrying and become a corporation, at least outside Soviet borders. I highlight the features Aeroflot began adapting in the late 1950s that were typical of corporations in the international airline industry. To be sure, the Soviet carrier always lacked key attributes of its American counterpart Pan Am such as private, shareholder ownership and the profit motive. However, Aeroflot often took on key features common among corporations in the twentieth century, including limited liability, predatory pricing, branding campaigns, public disclosure of assets, status in courts of law as a legal person, ability to buy and sell property, and an operation that outlasted its creators, which in its case was the Soviet Union.<sup>12</sup> Despite evidence that Aeroflot's leadership in Moscow was resistant or simply slow to accept what its managers in New York were doing, the airline never seemed concerned about the broader ideological significance of these corporate adaptations and embraced them to great effect. Aeroflot's adaptations cease to be strange once we also recognize the deeply authoritarian nature of modern corporations, which are organized quite unlike the democratic systems with which we assume they are naturally joined. Drawing from David E. Schrader's observations (1993:134), Owen himself (1995:14) recognizes that there was something Soviet about corporations and their hostility to democratic norms, which was perhaps best illustrated by the sham elections of corporate boards that offered preselected candidates running for their seats unopposed.

This offhand comment suggesting there was something Soviet about twentieth-century corporations and corporate practices—in Russia and beyond—is worth investigating further. Within the global airline industry today, the Aeroflot of the late Soviet era appears not so much like the hapless failure in customer service that stereotypes would proclaim, but rather as a harbinger of the no-frills, authoritarian airline persistently undermining passengers' rights, comfort, and even safety. Scholarship on other aspects of state socialist economies has suggested useful ways to reexamine their roles in shaping present day realities, such as globalization, beyond the shopworn paradigms of state socialism's failure, collapse, and sudden transition to market economies. For example, in her study of economists on both sides of the Iron Curtain, Johanna Bockman (2011) shows that neoliberalism was not just the invention of think-tank conservatives but also had longer "left-wing origins" among economists in Eastern Europe who had a deep interest in showing how markets could serve socialism. Bockman's work has inspired scholars in other fields to explore how

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<sup>12</sup> These characteristics are among the most commonly recognized in studies of twentieth-century corporations (see, e.g., Roy 1997:259–286).

socialism laid the foundations for other practices associated with neoliberalism, such as dependence on powerful states to enforce economic policies and the appropriation of long-term state socialist urban planning schemes (Zarecor 2018). The possible impact of Aeroflot's Soviet incarnation on the Russian and global airline industries in the post-1991 era is beyond the scope of the present study but suggests another example. This article, therefore, works toward the question raised in Bockman's study of economists by establishing how Aeroflot was already, well before the Gorbachev years, learning how to be a corporation in ways that would make it well suited to reemerge from the Soviet collapse and even shape how we fly today.

To that end, this article focuses on Aeroflot's Soviet-era activities in the United States where, I would argue, it most clearly adopted corporate attributes among all of its foreign operations. Stark differences in the US and Soviet political economies enabled Aeroflot to excel in the American market while simultaneously curtailing Pan Am's ability to do the same in the USSR.<sup>13</sup> But the airlines' own actions were also key. Whereas Aeroflot was eager and able to adapt to a political economy not of its own making on a route that was of far greater importance to the Soviet state than to the American government, Pan Am was largely unwilling and incapable of adapting to the Soviet political economy. Insofar as commercial aviation was concerned, this article shows that détente was rather good for Soviet business but not so much for American business.

Beyond the specific case of Aeroflot and Pan Am's relationship, this article contributes to a growing body of scholarship that shows how corporations and other non-state actors—from mass media companies to shipyards—shaped the Cold War conflict rather than merely being affected by it (Carlson 2009; Harris 2010; Autio-Sarasmö and Miklóssy 2011; Mikkonen and Koivunen 2018; Matala 2019). The role of state socialist enterprises in the Cold War—beyond being faceless "Soviet officials" working on behalf of an undifferentiated "Soviet system"—is only beginning to come into focus as scholars examine such institutions as Inturist (Salmon 2006; Gorsuch 2011) and architects and construction enterprises operating in the Global South (Stanek 2020). Aeroflot, this article contends, similarly deserves closer examination for how its managers played their role in shaping the Cold War by adopting key attributes of a Western airline corporation. Moreover, Aeroflot and Pan Am's business partnership fits depictions of the Cold War (Shcherbenok 2010; Sanchez-Sibony 2014) as an asymmetrical conflict, but with a twist. It was Aeroflot, not Pan Am, that was better at exploiting their shared routes. While Aeroflot's success does not change what historians argue was American dominance at the macroeconomic level (Sanchez-Sibony 2014), it suggests that at the microeconomic level a Soviet enterprise could be more effective—or at least more wily and flexible—than we think.

By exploring Aeroflot's business relationship with Pan Am and its adaptation of corporate practices, this article suggests that we examine further the impact of corporations and state socialist enterprises on the Cold War in three main areas. The first is their role in creating the means of communication and travel that allowed

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<sup>13</sup> These differences in political economy are noted in Gidwitz (1980:147).

non-state actors and ordinary citizens to move across the Iron Curtain and play their own roles in shaping the Cold War.<sup>14</sup> Second, we need to better understand how corporations and state socialist enterprises, doing business across the Iron Curtain, influenced one another's internal operations, as well as their respective governments. And third, the fate of corporations and state socialist enterprises in the late 1980s and early 1990s provides case studies to better elucidate who the winners, losers, and survivors of the Cold War were beyond our standard narratives of which states emerged victorious and which ones vanished.

## ORIGINS OF AN AIR ROUTE

Beginning in the mid-1950s, Aeroflot underwent a significant expansion that shifted Soviet aviation's focus from barnstorming spectacles of the Stalin era to mass passenger traffic.<sup>15</sup> By 1961 it became "the world's largest airline" in passengers and passenger-miles flown (Davies 1964:499) and later used this catchy label in its branding strategy (see, e.g., *Washington Post* 1980). Yet Aeroflot remained a primarily domestic airline with only 1 to 2 percent of its traffic beyond Soviet borders throughout the postwar era (*Narodnoe khoziaistvo* 1971:463, 1986:350). In contrast, Pan Am was a predominantly international airline that celebrated American citizens' mobility and foresaw a globally integrated world on American terms. Founded by the businessman and aviator Juan Trippe in 1927, Pan Am was a private company but also the US government's "chosen instrument" to advance American foreign policy and military interests abroad (Van Vleck 2007, 2009, 2013). Unlike Pan Am's celebration of global mobility, Aeroflot advertised its routes to Soviet citizens as signs of socialist modernization and invitations to fly within the USSR.<sup>16</sup> Because of strict foreign travel restrictions, especially to the West but also the socialist bloc (Gorsuch 2011; Light 2012), flying abroad was rarely emphasized. Instead, Aeroflot's international routes reflected global prestige and solidarity with the decolonized world.<sup>17</sup> Whereas Pan Am had to answer to two masters—the market and the US government—Aeroflot had only one, the Soviet state. This critical difference, as we shall see, plagued the airlines' partnership to the detriment of Pan Am.

Aeroflot and Pan Am's relationship evolved on multiple fronts of the Cold War from competing visions of consumer modernity (Harris 2020) and representations of flight attendants (Vantoch 2013:125–152) to technical assistance in the Global South (Van Vleck 2009). The phase of their closest relationship emerged from Ameri-

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<sup>14</sup> Scholars are presently exploring how airlines such as Aeroflot and Pan Am contributed such means in the service of international festivals (see, e.g., Razlogova n.d.; Wofford 2018).

<sup>15</sup> On Soviet aviation culture under Joseph Stalin, see Palmer (2006). For official statistics on passenger traffic from the late Stalin era through the Brezhnev years, see *Narodnoe khoziaistvo* (1966:512, 1971:428, 1986:324, 350).

<sup>16</sup> On routes as signs of Soviet modernization, see "Vam, passazhiry" (1967:2–3). On advertising internal air travel, see Aeroflot's posters in Kotov (2008) and brochures in RGAE, f. 743, op. 1, d. 392, ll. 4–22.

<sup>17</sup> For examples, see Smolin (1961:24–25) and Danilychev (1961:15).

can and Soviet efforts to find a way out of the Cold War. In the late 1950s the superpowers forged a mini-détente through the 1958 US-Soviet Agreement on Cultural, Technological, and Educational Exchanges, which called for an air link between the two countries. As the Soviet Union's only airline, Aeroflot would fly such a route. It was assumed that Pan Am would do so on the American side, serving the US government once again on a sensitive foreign policy endeavor.<sup>18</sup> Negotiations on a bilateral civil air agreement took an unusual amount of time—10 years—primarily because flare-ups such as the Cuban Missile Crisis stalled talks. When the shared route was finally launched in July 1968, both sides refused in the spirit of détente to let the Vietnam War or the Soviet invasion of Czechoslovakia derail it (Heymann 1972).

From the Soviets' perspective, the route to New York was attractive for a variety of reasons. By linking Moscow and New York—instead of Moscow and Washington—the route highlighted the ideological clash between socialism and capitalism but also promoted détente and the very parity with the United States the Soviet leadership craved. For Aeroflot the air route between Moscow and New York was the culmination of expanding routes into the capitalist West and Global South for over a decade (Gidwitz 1976:320–335, 446–454). Its international routes bolstered the USSR's mutually reinforcing identities as leader of the socialist world, a normal country that followed international standards, and a friend to developing countries. Similar to all its routes outside the socialist world, Aeroflot's enduring motivation and measure of success for flying to the US was earning hard currency.<sup>19</sup> As Sergei Pavlov, a senior official with a long career in Aeroflot's foreign operations, later recalled in his memoirs, "convertible currency" was the Soviet airline's main concern among its revenue streams (2010:218–219).

In contrast, Pan Am's presence in the USSR had nothing to do with earning money for the US government nor, as its executives soon realized, for the American carrier. In encouraging Pan Am to pursue negotiations with Aeroflot, State Department officials in June 1956 "stated that the idea of Pan American serving Moscow fits into the Department of State's general objective of breaking down the Iron Curtain."<sup>20</sup> Such prospects dovetailed nicely with Pan Am's vision of creating a borderless world where Americans traveled freely.<sup>21</sup> As an internal memo put it, "If [Pan Am] were suc-

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<sup>18</sup> Pan Am was the American airline the US government designated in 1945 to fly to Moscow and Leningrad if that ever became possible ("USSR [Aeroflot]; Mr. Preece's memorandum of July 23, 1974," p. 1, Acc II, box 600, folder 18, PAWA Records). Soviet aviation officials were aware of the 1958 cultural exchange agreement and its call for an air link. See the Russian language copy of the agreement with the section on aviation marked for emphasis in RGAE, f. 9527, op. 1, d. 4772, ll. 38–47.

<sup>19</sup> The central importance of earning hard currency is well illustrated in annual reports that Aeroflot offices in foreign countries sent back to Moscow. See, e.g., Aeroflot's report from Guinea in 1981 in RGAE, f. 55, op. 1, d. 3674, ll. 19–46; and its 1973 report from Uganda in RGAE, f. 55, op. 1, d. 1597, ll. 293–313.

<sup>20</sup> "Memorandum of Meeting Held at Department of State on June 12, 1956," Acc II, box 231, folder 17, PAWA Records.

<sup>21</sup> "Russian Negotiations," July 19, 1956, Acc II, box 231, folder 17, PAWA Records.

cessful, the US public at large would have a fine example of Pan American air service in the national interest."<sup>22</sup> Nevertheless, Pan Am executives expressed serious concerns over the route's economic prospects.<sup>23</sup> Chief among them was the likelihood that Aeroflot would win most of the traffic between Moscow and New York because of Soviet restrictions on foreign travel and doubts that any Soviet citizen could ever really choose between Aeroflot and Pan Am.<sup>24</sup>

Given these anticipated problems, why did Pan Am pursue the route? One reason was fear of a damaged brand lest another carrier like TWA jump in if Pan Am opted out.<sup>25</sup> In 1972 Pan Am executive John Leslie cited additional factors in an interview with Hans Heymann Jr. for the latter's study of the US-Soviet Civil Air Agreement. "We had the obligation to do it," Leslie bluntly admitted, putting a fine point on Pan Am's responsibilities to the US government. But he added, "We had a rather difficult line to steer between doing, meeting our responsibilities, doing our job and not losing our shirt doing it, not being bad businessmen." Heymann contended that Pan Am and especially Juan Trippe had also been driven by "romanticism" in pursuing an air route to Russia and only later realized its economic pitfalls.<sup>26</sup>

Vladimir Samorukov, who headed Aeroflot's New York office from 1967 to 1969, similarly recalled in his memoirs Trippe's enthusiasm for the route and his hopes for partnering with the Soviets to build "American-style hotels in Moscow and Lenin-grad." Samorukov shared Trippe's excitement and became one of Aeroflot's greatest champions for learning how to operate successfully in the American market but also how to compromise with Pan Am when conflicts arose. While voices in the Central Committee of the Soviet Communist Party worried about his embrace of marketing as a step too far toward "capitalist economics," Samorukov largely prevailed at getting Aeroflot to adopt practices of an ordinary airline corporation (Samorukov 2003:45, 54–55, 66, 83, 117).

Ultimately, Pan Am found itself navigating the conflicting economic and political obligations of a "chosen instrument" without the safety net of a state-owned carrier. Moreover, it fulfilled responsibilities on behalf of a state that was less interested in the airline's bottom line than in pursuing the Cold War. In contrast, Aeroflot's goals in flying to New York were narrow, did not conflict with one another, and did not put the airline at odds with the government it served. In these respects, it embodied the ideal version of the flag carrier corporation. Its motivations also meant that Aeroflot and its government always wanted the route much more than either the

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<sup>22</sup> Dave Parsons, "Subject: Probing on Air Service to Moscow," Acc II, box 231, folder 17, PAWA Records.

<sup>23</sup> "Profitability of Potential Operation to Russia," November 5, 1957, Acc II, box 231, folder 17, PAWA Records.

<sup>24</sup> Russell Adams, "Memorandum on Issues Presented in Negotiations for US-USSR Air Transport Agreement," Acc II, box 231, folder 17, PAWA Records.

<sup>25</sup> Adams, "Memorandum on Issues Presented in Negotiations."

<sup>26</sup> "Interview with John C. Leslie by Hans Heymann on February 11, 1972," pp. 5–6, Acc I, box 11, folder 7, PAWA Records.

US government—which used prospects for the route as a bargaining chip in broader negotiations with the USSR—or Pan Am, which doubted its economic feasibility.<sup>27</sup>

## LEARNING FROM THE AMERICANS

During 10 years of US-Soviet negotiations over the Civil Air Agreement, Pan Am and Aeroflot had time to learn about one another and prepare for the route connecting Moscow and New York. Pan Am was already an established global airline and the prospects of flying to the USSR had no discernible effect on its business model, particularly since the route would constitute a tiny part of its traffic. In contrast, Aeroflot had a steep learning curve similar to a corporation entering an unfamiliar but potentially rewarding market. For both symbolic and financial reasons, the route promised to play a much greater role in Aeroflot's operations than it did for Pan Am. To be sure, the Soviet state and especially Nikita Khrushchev, its leader during the first several years of negotiations, bristled at suggestions in foreign media that they had lessons to learn from the West (Harris 2010). But behind closed doors and beyond the glare of the Western media or the pressure of diplomatic talks, Aeroflot's managers took a more realistic approach to their airline's place in the world and eagerly sought to learn as much from the Americans as possible. In contrast, Pan Am—the unofficial flagship of the world's most innovative economy—was not as adaptable because it assumed the world, even the socialist world, should operate according to norms it had shaped.

While Pan Am executives worried about the economics of the air route, their Soviet counterparts got to work finding out all they could about commercial aviation in the US and striking their first business deals. In August 1960 the head of Aeroflot, Evgenii Loginov, dispatched a delegation to the United States to absorb everything on topics from airport design, passenger service, and advertising to the training of personnel, the organization of airlines, and booking systems. Already thinking about building up Aeroflot's brand in the US, Loginov urged his delegation to “widely publicize Aeroflot's activities among the American public, airlines, and tourist agencies.” (We will see later that a tourist agent in New York may have been the source of this recommendation on forward branding.) Loginov also asked the delegates to report on aspects of American commercial aviation that Aeroflot could adopt. In addition to learning as much as they could through consultations with the US Federal Aviation Administration, the Commerce Department, and Pan Am, the Soviet delegates visited major airports including those in Miami and Boston, New York's Idlewild Airport, Washington National Airport, and Dulles Airport.<sup>28</sup>

In extensive reports after their journey—including photographs of Dulles Airport's construction and its futuristic “people movers”—the delegation suggested many improvements to Aeroflot's operations. Among the proposed changes were the

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<sup>27</sup> On these critical differences in Soviet and American approaches to the air agreement, see Heymann (1972).

<sup>28</sup> RGAE, f. 9527, op. 1, d. 4773, ll. 33–35.

thorough “reconstruction and widening of old air terminals,” modernizing all technology used to process passengers, streamlining delivery of timely information on flights to information desks, aligning baggage handling with “the practice of airlines in the USA,” improving souvenirs and advertisements, and raising the quality of in-flight food “especially on international routes” to “the level of the best airlines.” Priorities in improvement were geared toward foreign travelers. The delegates called for upgrading the interior design of Aeroflot’s passenger planes, “especially those designated for foreign routes, bringing it to the level of international standards.” They also proposed reductions in noise and vibrations caused by Soviet engines, more efficient use of airplanes by reducing time on the ground, “improvements to the technological worthiness [*tekhnologichnost*] of aircraft” to reduce repairs, and the wide use of televisions to assist airport operations and passenger service.<sup>29</sup>

Aeroflot’s managers and employees had long learned about foreign airlines by reading the monthly magazine *Grazhdanskaia aviatsiia*, whose reporting dutifully championed Soviet superiority in the air and condemned the irrational competition of capitalist carriers (see, e.g., Pol’skoi 1957; Danilychev 1961). In a similar vein, the Soviet delegates on the 1960 tour kept up appearances in public. “US Airports Fail to Awe Russians,” read a deflated headline in the *New York Times*. “It is very difficult to surprise us,” one delegate confidently said; at most, the newspaper reported, the Soviet guests had found the tour “pleasant and instructive” (Hudson 1960). But while discussing the same 1960 visit behind closed doors, Aeroflot’s delegates and top managers dropped the pretension of Soviet aviation’s superiority over hapless capitalists and were all too eager to learn from the Americans and modernize Aeroflot accordingly. Similar to a corporation anticipating growth in a new market with lucrative financial and branding prospects, Aeroflot was highly motivated to overcome its learning curve and get its act together to meet standards dictated by the American market.

In addition to its own fact-finding missions, the Soviet airline received unsolicited advice from American companies eager to help and perhaps earn its business.<sup>30</sup> In this manner, Aeroflot was already providing the context for other non-state actors, from companies to ordinary citizens, to play their own roles in easing Cold War tensions. In turn, such contacts allowed Aeroflot to learn more about what it meant to be an airline corporation operating in the US. Travel guide companies, for example, struck an optimistic note about the Soviet airline’s prospects but subtly coached it on information it should provide to customers and on capturing traffic to major world events like the 1960 Rome Olympics.<sup>31</sup> Aeroflot kept track of such solicitations and even replied. In one case, the Soviet airline explained that Pan Am, TWA, and Northwest Orient Airlines handled its advertising in the United States according to “a commercial

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<sup>29</sup> RGAE, f. 9527, op. 1, d. 5718, ll. 1, 54–55, 68–70.

<sup>30</sup> Unless otherwise noted, the letters examined here that Aeroflot received from American companies and individuals were written in English.

<sup>31</sup> See, e.g., solicitations Aeroflot received in 1960 from the publisher of the *Shuler International Airline and Steamship Guide* and from the company American Overseas Tourist (RGAE, f. 9527, op. 1, d. 4774, l. 18; RGAE, f. 9527, op. 1, d. 4772, l. 127).

agreement."<sup>32</sup> Aeroflot also brokered interline agreements that allowed American carriers to sell tickets for itineraries that included Aeroflot flights. Correspondence with TWA indicates that the Soviet carrier needed to be coaxed into such an agreement, the finer obligations of which TWA had to remind Aeroflot about when it came to paying commissions to travel agents. It was in Aeroflot's best interest, the American carrier stressed, since "the US is a tremendous market for travel to the USSR."<sup>33</sup>

The prospect of a direct air route between the two countries encouraged individual Americans far from Washington, DC, or top US airlines to reach out to Aeroflot in the name of business opportunities, employment, and their own versions of *détente*. George Goshaw, a self-identified "Pioneer of Alaska" who had originally hoped to extend his fur trade into Siberia in 1919, outlined his plans in 1959 for creating an "Air Craft Transportation Corporation" for flying Soviet and American tourists between the two countries, as well as bringing Russian furs to the American market.<sup>34</sup> From New York, George Studley of the Julien J. Studley Real Estate Company gently reminded Aeroflot in 1960 of his firm's past correspondence with the Soviet carrier and the many services it could still provide in securing office space, working with the Port Authority of New York at Idlewild Airport, and contracting with their own architecture firm, Freidin-Studley Associates, to outfit Aeroflot's offices. "You may be interested to know that two of our executives have a good speaking knowledge of Russian," Studley helpfully noted.<sup>35</sup>

Another correspondent, Walter Winefka, was a former pilot for the US Air Force and Japan Airlines who wrote on more than one occasion in 1960 seeking employment as an Aeroflot pilot. Drawing from globalist visions of aviation, he asserted that "I, as well as countless other Pilots, feel that someday all Airlines will be interconnected with each other, as a result of the vast expansion of all Airlines, [sic] I have taken it upon myself to offer my services as a Transport Pilot with the Russian Airlines." Aeroflot kindly turned down Winefka's offer, pointing out that its pilots had to be Soviet citizens.<sup>36</sup>

Undeterred and advising them to drop this policy, Winefka later offered to become Aeroflot's "representative or American Liaison," manage its advertising and regulatory logistics in the US, and vet and hire its pilots. In a reference to anti-Soviet sentiment and troublesome American labor unions, he coached Aeroflot by pointing out that "by hiring pilots on the open market on an individual contract basis, you protect yourself by not exposing yourself to massive regimentation and possible resistance groups or prejudiced individuals." Winefka apparently saw no irony in urg-

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<sup>32</sup> RGAE, f. 9527, op. 1, d. 4774, l. 17.

<sup>33</sup> RGAE, f. 9527, op. 1, d. 4772, ll. 22–35; RGAE, f. 9527, op. 1, d. 4774, ll. 26–27. On Pan Am's interline agreement with Aeroflot, see correspondence from 1963 from the American carrier's sales manager (RGAE, f. 9527, op. 1, d. 5586, ll. 50, 73).

<sup>34</sup> Goshaw sent his letter in English to the Soviet embassy in Washington, which forwarded it to Aeroflot through the Ministry of Foreign Affairs (RGAE, f. 9527, op. 1, d. 4772, ll. 119–120, 123–125).

<sup>35</sup> RGAE, f. 9527, op. 1, d. 4773, ll. 157–158.

<sup>36</sup> RGAE, f. 9527, op. 1, d. 4772, ll. 55–57, 53.

ing the first workers' state to undermine labor unions and collective bargaining. Or perhaps he intuitively understood that Aeroflot—like any corporation but especially one that operated in a country that had long since quashed autonomous labor unions—would prefer individual contractors since “you are and remain in control of Employer and Employee relationship” and a pilot only worked well “if he realizes that he is under an individual contract.”<sup>37</sup>

In short, Winefka anticipated one of the suggestions of this article: that Aeroflot's formal transition into a corporation after 1991 was not the revolution it might seem on the surface, once we appreciate the authoritarian nature of corporations, their distaste for independent labor unions, and their prohibitions against employees' free speech. None of these features of corporations would have been foreign concepts for Soviet enterprises.

Normally, it was Americans sympathetic to communist ideology who, we assume, were most likely to reach out to the Soviets and work for them enthusiastically to spread their global influence.<sup>38</sup> In contrast, Winefka's letter suggests that the *minidétente* of the late 1950s and the novelty of Aeroflot altered these dynamics, so that now, for a go-it-alone American frustrated with how the US aviation industry and labor unions treated individual contractors working for the Soviet airline was worth a try. After all, as he insisted in his first letter, “I am neither prejudiced nor bigoted and I apply for the position [of Aeroflot pilot] with an open mind.”<sup>39</sup> To a pilot like Winefka thinking about how commercial aviation was expanding around the world, Aeroflot was an airline company that just happened to be Soviet and its connections to communist ideology were unimportant. If it had the wherewithal to undermine labor unions in favor of individual contractors, so much the better.

Travel agencies, including those run by Jewish émigrés from Russia, and Inturist's people already in New York were also key to Aeroflot's efforts to learn about the American market. In his memoirs, Samorukov recalls that Inturist's chief in New York, Oleg Lyskin, explained how both Pan Am and Aeroflot would actually be competing with many foreign carriers for American passengers. Aeroflot would need to learn about the many “unofficial discounts” airlines pitched to travel agencies to get their business, including padded commissions and free tickets. On Lyskin's recommendation, Samorukov paid a visit to Iulii Khorton, the head of Union Tours and an émigré originally from Odessa who had done business with Inturist since the early 1930s.<sup>40</sup> In his memoirs, Samorukov drew upon ethnic stereotypes of Jews as intermediaries and masters of market relations when recalling Khorton's coaching of the uninitiated as “advice from an old Jew.” Making money was the lifeblood of New York, Khorton counseled him, not propaganda (presumably, that was Washington's purview). Fur-

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<sup>37</sup> RGAE, f. 9527, op. 1, d. 4773, ll. 56–58.

<sup>38</sup> For a study that complicates this assumption in the interwar period by showing, for instance, how the Soviet Union reached out to ideological opponents from abroad, see David-Fox (2012:247–284).

<sup>39</sup> RGAE, f. 9527, op. 1, d. 4772, l. 56.

<sup>40</sup> Samorukov did not specify whether Khorton emigrated from Odessa before or after 1917.

thermore, it was an airline's job to make sales pitches to travel agencies and not the other way around, although here Samorukov could be forgiven for thinking otherwise given what had turned up in Aeroflot's mailbag, as discussed above. In any case, Khorton cautioned Samorukov not to depend on Pan Am for help selling fares since it was "Aeroflot's competitor" and had "enough of its own problems" (Samorukov 2003:55–58).

Gabriel Reiner, head of the Cosmos Travel Agency and a Jewish émigré from pre-revolutionary Russia, similarly helped Aeroflot find its bearings and advertise its services (*New York Times* 1969). Samorukov recalls his eagerness to get advice from Reiner in 1967 upon the recommendation of an Aeroflot colleague who noted that Reiner "has close ties to the [US] government" (2003:67–68). Indeed, Reiner had worked during World War II in the Office of War Information and even had a hand in personally nudging Khrushchev during a reception at Spasso House in Moscow in 1955 to open up the USSR to foreign tourism. The occasion was a goodwill chess match Reiner helped organize for the State Department along with someone he knew at the Soviet Union's UN mission in New York (*New York Times* 1969). According to Samorukov, Reiner's son Sidney inherited his father's "close ties with government circles" to Aeroflot's benefit when Sidney recommended that Samorukov consult directly with Marshall Shulman, at the time in the State Department, to resolve some outstanding issues with Pan Am in 1978 (Samorukov 2003:168–169).

Samorukov's account illustrates that, below the glare of intense Cold War rivalry, Aeroflot's managers on the ground both cultivated and were drawn into a network of American non-state actors with personal ties to the Soviet Union. This helped ease the Soviet airline's entry into the American market, paper over problems with the State Department, and adopt a realistic and competitive approach to Pan Am. In short, such contacts assisted Aeroflot's managers in learning the informal rules of running an airline corporation in the US, which the 1966 Civil Air Agreement negotiated by Soviet and American diplomats did little to reveal.

Reiner's engagement with Aeroflot illustrates again how corporations and state socialist enterprises created a space across the Iron Curtain for an individual American and his company to play their own part in pushing the Cold War from conflict to détente and mutually beneficial economic relations. To be sure, Reiner's own enthusiasm for Aeroflot long predated Samorukov's arrival in New York in the late 1960s. In February 1960 Reiner had urged the Soviet Embassy to boost Aeroflot's brand in the US before direct flights started. Aeroflot officials, he wrote, had rebuffed his offer "to represent them here in connection with publicity." He faulted their misguided assumption that such publicity was not warranted because Aeroflot did not have a route into the US. Reiner stressed how vital it was "to prepare the ground by a lot of good-will in advance as it takes years to put across the name of an airline to the travelling public."<sup>41</sup> By August 1960, as we saw above, Loginov changed the airline's tune on forward branding. Whether Reiner's advice played a direct role is not clear.

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<sup>41</sup> RGAE, f. 9527, op. 1, d. 4772, ll. 4–5. For more correspondence from Reiner, see RGAE, f. 9527, op. 1, d. 4774, ll. 43–50. Reiner wrote this latter set of letters to Aeroflot in Russian.

Nonetheless, it showed Aeroflot's willingness to adopt an advertising strategy that, as this American businessman explained, was standard industry practice.

In anticipation of the air route, enterprising American companies like Reiner's positioned themselves to do business with Aeroflot and teach the Soviet flag carrier about the airline business. For its part, Aeroflot acted like an airline corporation setting out on a new venture in unfamiliar skies. The airline's leaders such as Loginov, as well as delegates and managers on the ground like Samorukov, were genuinely receptive to learn as much as they could about American commercial aviation. In addition to their own fact-finding efforts, they benefitted from the unsolicited suggestions of American companies and individuals, including well-connected and well-informed émigrés from Russia who worked in the US tourism industry. As Samorukov unironically recalled about his first domestic flight to Dallas, "For certain I wanted to know, to see, to feel how to 'fly the American way,'" as an American Airlines advertisement urged him to do (2003:74).

Samorukov further documented the many lessons that he and his Aeroflot colleagues mastered and the everyday corporate practices they adopted to make their route to New York successful. These included luncheons at Pan Am's exclusive Clipper Club to paper over conflicts; the awkward ritual of a public hearing before the Civil Aeronautics Board, which included public disclosure of \$125 million in Aeroflot's global assets; and the mundane processes of opening a bank account at Chase Manhattan, retaining the services of a lawyer, monitoring press reports on their business, and dealing with a travel agent's bounced check of \$25,000 for a charter flight (Samorukov 2003:71–72, 81, 87–92, 107–108, 112). Driving this desire to learn from the Americans was the goal of successfully operating an air route to New York, which would help Aeroflot meet its obligations to earn hard currency and raise Soviet prestige on the world stage.

## ADVERTISING AN AIR ROUTE

After many years of delays because of Cold War incidents, the US-Soviet Civil Air Agreement was signed in November 1966, followed by a commercial air agreement between Aeroflot and Pan Am in January 1967 (Heymann 1972:v, 10–11). The air route connecting the US and USSR opened in July 1968, when Aeroflot and Pan Am made their inaugural flights to New York and Moscow, respectively. American mass media extensively covered the story and *Life* magazine dutifully bestowed upon the route its iconic image with its cover photo of a Pan Am flight attendant embracing her Soviet counterpart (figure 1) (*Baltimore Sun* 1967; *Hartford Courant* 1967; *Life* 1968; *New York Times* 1968a, 1968b; Starr 1968; *Washington Post* 1968; Witkin 1968). Soviet mass media offered comparatively far less coverage.<sup>42</sup> This contrast reflected real differences in the Soviet and American political economies that shaped each airline's subsequent experience starting in advertising.

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<sup>42</sup> For exceptions, see Gofman (1968); Kurdiunov and Raspevin (1968); *Literaturnaia gazeta* (1968); Sil'chenko (1968).



**Figure 1.** Cover of *Life* magazine, July 26, 1968. Reprinted with permission from Getty Images

In the Soviet context, strict restrictions on foreign travel were a political decision that curtailed the market that international airlines could access within the USSR. In the US, the absence of political restrictions on citizens' travel opened a vibrant market for travel agencies, as well as Pan Am and Aeroflot, to capture their business. Aeroflot had access to that market, allowing it to operate like an ordinary airline corporation. In contrast, Pan Am had little access to the Soviet economy and could not act like a Soviet enterprise since doing so would have meant becoming part of the Soviet state. Pan Am also lacked inside the USSR the informal networking that Samorukov enjoyed through émigrés from Russia and local businesses in New York. Advertising was an early indication that such barriers to the Soviet political economy were simply too high for Pan Am to overcome but created opportunities Aeroflot could leverage.

Among its many provisions, the 1966 air transport agreement mandated "fair and equal opportunity for the designated airline of each Contracting Party to operate and promote the agreed services" (*International Legal Materials* 1967:84). In other

words, Aeroflot and Pan Am were free to advertise as each saw fit. At first glance, Aeroflot was no match for the advertising prowess of a well-established American corporation with worldwide experience selling the jet-set lifestyle (Thomas 1987; Hühne 2015:16–49; Hühne 2016). Aeroflot's domestic and foreign advertising was a comparatively restrained affair.

In his memoirs Samorukov recalls how Aeroflot's embrace of advertising was yet another part of its learning curve in the US. While Pan Am executives were quickly learning that advertising inside the Soviet Union was almost impossible, Aeroflot successfully built its brand among American customers with modest financial means and the services of the advertising firm Pampel and Associates. The Soviet flag carrier invested \$20,000 in ads for the inaugural flights, including almost \$10,000 for a full-page ad in the *New York Times* (Samorukov 2003:91). Over time, the Soviet carrier developed a respectable advertising presence. It ran ads that exoticized the Soviet Union and sold the experience of flying Aeroflot as a gateway to Russian culture. For tourists on their way to Japan, Aeroflot offered a stopover vacation in the USSR for the white nights in Leningrad and a Volga River cruise and even urged them to "go back in time to the fabulous era of Sheherezade [of *One Thousand and One Nights*], among the minarets, mosques and madrasas of exotic Central Asia" (*New York Times* 1970a, 1970b). In the 1970s Aeroflot ads celebrated its growth into "The World's Largest Airline" and exhorted passengers with the tag line "You'll enjoy it! You'll never forget it!" (*New York Times* 1977). Its advertisements targeted specific audiences such as youth travelers (*New York Times* 1971) and tapped into the spirit of détente with a new route to Washington, DC, starting in 1974 (*Washington Post* 1974). And like many ordinary corporations, Aeroflot benefited from free publicity courtesy of mass media (*Life* 1968; Gwertzman 1973), long excerpts of which Samorukov proudly reproduces in his memoirs (2003:100–101, 107–108).

Whereas Aeroflot routinely advertised routes to the US to foreign audiences, it made little effort to do so within the USSR beyond a few, small advertisements in local Moscow newspapers (*Moscow News* 1968; *Moskovskaia pravda* 1968; *Vecherniaia Moskva* 1968, 1969). The Soviet public—particularly outside Moscow—likely never learned about Aeroflot's route to New York from official sources. In contrast, Pan Am intended to widely advertise to Muscovites and turned to its chief advertising firm, the J. Walter Thompson company (JWT), to run its campaign. While the start date of the new route remained in flux, JWT's Robert Weikart negotiated in early 1967 with the head of Vneshtorgreklama, Anatolii Vasiliev, over the finer points of Pan Am's ads set to run in Moscow's local papers.<sup>43</sup> An original plan of running Pan Am ads in four newspapers was cut back to two Moscow dailies, the ads' size was reduced, and their cost raised.<sup>44</sup> Despite signs that unnamed Soviet officials somewhere along the line were less than enthusiastic about running Pan Am ads in Moscow newspapers, JWT cheerfully set about designing visually captivating ads with snappy copy enticing Soviet citizens to pack their bags, presumably for that long-awaited trip to New York.

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<sup>43</sup> Vneshtorgreklama handled advertising for the Ministry of Foreign Trade.

<sup>44</sup> Letters from Weikart to Vasiliev dated March 7, 1967, and April 4, 1967, in JWT Box PA70 (F-Pan Am 1967 [2]).

For example, a Russian-language ad, drafted in March 1967, featured an airplane flying above the New York City skyline with a headline that boldly proclaimed, "Starting May 1, Pan American Airways will fly nonstop between Moscow and New York."<sup>45</sup> Its copy celebrated the flight's nine-hour direct route but helpfully pointed out that "we can fly you any day of the week to New York from most major European cities (via connecting carrier from Moscow). Either way, you'll enjoy cuisine by the famous restaurant, *Maxim's of Paris*, and a movie\* and stereophonic music" (emphasis in the original).<sup>46</sup> Echoing such convenience, the Russian-language ad "Starting July 16, New York without Changing Planes on Pan Am's Boeing 707 Jets" (see figure 2) invited Soviet passengers to take advantage of the layover in Copenhagen, "where, if you wish, you may spend some time. From there, on any day you choose, Pan Am will fly you directly to New York at no extra cost."<sup>47</sup>

НАЧИНАЯ С 16 ИЮЛЯ

## Нью-Йорк Без авианегадок Реактивными Самолетами Боинг 707 ПАН АМ

Теперь вы можете вылететь из Переселенцев в любой вторник в 16:00 и в тот же день совершить посадку в Нью-Йорке на аэропорту Джона Ф. Кеннеди. Менее чем за 12 летних часов.

ПАН АМ® гордится тем, что стала первой американской авиакомпанией, обслуживающей воздушное сообщение между СССР и США. Вы можете быть вполне уверены, что с нашей стороны приняты все необходимые меры для превращения вашего полета в

незабываемое событие.

Ваш воздушный полет будет проходить исключительно на борту Реактивного Самолета Боинг 707 ПАН АМ, с единственной остановкой в Копенгагене, где по желанию вы можете провести некоторое время. Отсюда, в указанный вами день, без всякой доплаты, вы будете доставлены в Нью-Йорк прямым авиасообщением.

Мы также принимаем заказы на полеты на самолетах других авиакомпаний из Москвы

в Париж, Вену, Лондон, Прагу, Брюссель или Амстердам. А затем переправляем наших авиапассажиров на самолетах ПАН АМ прямым сообщением в Нью-Йорк. В любой день недели.

За дальнейшей информацией обращайтесь в АЭРОФЛОТ (или Главный Представитель по заказу билетов) или же непосредственно в ПАН АМ по адресу: Москва, Проспект Маркса, Гостиница Метрополь, Ком. 236. Телефоны: 235183 и 266406.

Самая Истинственная Авиалиния в Мире

Первая над Атлантическим Океаном Первая над Тихим Океаном Первая по Латинской Америке Первая Вокруг Всего Света

№6639-Н

This advertisement appears in  
Moscow Newspapers - July, 1967  
9 1/2 x 7 1/2  
(123897)

**Figure 2.** "Starting July 16, New York without Changing Planes on Pan Am's Boeing 707 Jets." Courtesy of the David M. Rubenstein Rare Book & Manuscript Library, Duke University<sup>48</sup>

<sup>45</sup> May 1, 1967, would not be the actual start date; as noted earlier, the route was delayed on more than one occasion.

<sup>46</sup> Sample ad in Russian dated March 31, 1967, in JWT Box PA70 (F--Pan Am 1967 [2]). An English-language copy of this ad was also included in these materials; I have quoted here from that version. The asterisk indicated an additional charge of 2 roubles and 37 kopecks for the film.

<sup>47</sup> See this Russian-language ad in JWT Box PA76, folder 4. The quotations from the ad here are drawn from an English-language draft.

<sup>48</sup> JWT Box PA76, folder 4.

Another proposed ad touched on the sensitive question of Soviet émigrés living in the US and claimed, “If your trip will be paid for by your relatives in the USA or any official American Organization, please contact Pan American, and we will assist you in making your arrangements for your trip through the General Agent of Aeroflot.”<sup>49</sup>

If the US-Soviet Civil Air Agreement’s provision allowing individuals to choose which airline to fly was honored,<sup>50</sup> this pitch to Soviet citizens with relatives in the US made good marketing sense. Nevertheless, the proposed ads described above betrayed a certain wishful thinking, partly stemming from the very nature of advertising as a form of communication that elides potential obstacles to create the aura of a seamless consumer experience. In the case of Pan Am, its brand was all about unimpeded movement across borders.<sup>51</sup> Celebrating the détente that the new route signified, the *New York Times* (1968b) published on the first day of the inaugural flights a copy of the proposed JWT ad above (figure 2) with a brief story explaining to readers that it was running in Moscow newspapers and that Aeroflot was simultaneously running a full-page ad in the *New York Times*.<sup>52</sup>

The only problem is that this ad and similar Russian-language ads JWT produced for Pan Am in 1968 and 1969, to the best of my knowledge, were never actually published.<sup>53</sup> A thorough search of *Moskovskaia pravda* and *Vecherniaia Moskva* for the months and years indicated on the copies of the ads cited above uncovered only one published Russian-language Pan Am ad produced by JWT (see figure 3).

In addition, a search in the Eastview database (dlib.eastview.com) similarly turned up no Pan Am ads for the late 1960s and 1970s in Soviet mass media. This search did reveal that Pan Am successfully placed Russian-language ads in *Novoe russkoe slovo*, a New York newspaper catering to the Russian émigré community in the US (see figure 4) (*Novoe russkoe slovo* 1968, 1970a, 1970b).

<sup>49</sup> See the English-language draft and the Russian-language version of the finished ad in JWT Box PA76, folder 4. The quotations here are drawn from the English-language draft.

<sup>50</sup> For this provision, see article 14, paragraph 3 of the agreement (“United States and USSR: Civil Air Transport Agreement,” 86).

<sup>51</sup> On the centrality of this message for Pan Am’s business model and identity, see Van Vleck (2013).

<sup>52</sup> For Aeroflot’s ad, see *New York Times* (1968c).

<sup>53</sup> In addition to the two ads set to run in 1968 discussed above, JWT produced similar Russian-language ads for Pan Am in 1969, whose copies in the company’s archives included the same notation, “This advertisement appears in Moscow newspapers,” followed by a specific month of that year. See three such Russian-language ads (“V N’iu-Iork bez peresadok reaktivnymi samoletami ‘Boing-707’ PAN AMERIKEN”; “V N’iu-Iork bez peresadok reaktivnymi samoletami Boing-707 PAN AMERIKEN”; “Teper’, dvazhdy v nedel’iu, v N’iu-Iork bez peresadok reaktivnymi samoletami ‘Boing-707’ PAN AMERIKEN”) that were scheduled to run in January, March, and April 1969 in Moscow newspapers in JWT Box PA82, folder Pan Am 1969.



run in *Vecherniaia Moskva* (figure 3) and even film for television commercials, but apparently neither left an impression on him when recalling his time in Moscow.<sup>54</sup> Meanwhile, JWT developed ads for the Soviet carrier, one of which ran in *Foreign Affairs* magazine in October 1969 (“The Red Carpet Treatment”).<sup>55</sup>

Both airlines’ advertisements served symbolic functions that went far beyond selling seats on planes. Their positive representations of modern air travel across Cold War boundaries and the two airlines’ continued operation of their routes, I would argue, made it difficult for their governments to back out or suspend the Civil Air Agreement at will. The agreement alone did not bind the US and Soviet governments to the air routes. Also vital was the work that the two airlines, mass media, advertisers, and even pilots, flight attendants, and passengers put into building up the symbolic value of the shared routes. Although suspending the agreement was precisely what the American side ultimately did, it was a card the US government was unwilling to play when Pan Am soured on the route. The US government only did so when the route’s symbolic value that other actors had built up could be spent to score Cold War points, which was always of greater value to Washington than Pan Am’s bottom line.

### “GIVE UP NOTHING AND TAKE MORE”

At the macro level of international aviation, Pan Am was always far ahead of Aeroflot. The American carrier flew technologically superior aircraft, provided better customer service, and effectively maintained its brand through worldwide advertising. Its extensive routes and revenue far outpaced Aeroflot’s international presence.<sup>56</sup> At the micro level of flights between the US and USSR, however, a different picture emerges. The most striking result was that Aeroflot flew more passengers and generated more revenue than Pan Am (see table 1). Like an upstart corporation taking on the established competition, Aeroflot leveraged its advantages to dominate a small but symbolically potent corner of a commercial market, thereby standing the dynamics of Cold War rivalry on their head right on the front lawn of American capitalism in New York City.

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<sup>54</sup> March 3, 1969, memo from Adele Finaly to George Hambleton in Moscow sharing the ad that actually ran in *Vecherniaia Moskva* and also copies of television commercials on 16 mm film; it was unclear where these TV ads were supposed to be shown. See this memo in JWT Box PA82, folder Pan Am 1969.

<sup>55</sup> See the model for this ad in JWT Box PA80, folder Pan Am 1969 (3). See also the ad JWT developed for Aeroflot, “The Russians Are Going. (Tuesdays) The Russians Are Going. (Thursdays),” in JWT Competitive Ads, 1969 Box 39, folder 3.

<sup>56</sup> For data allowing for comparison of both airlines’ revenues and profits (for Aeroflot, only its operations abroad), see the annual reports published by the International Civil Aviation Authority from 1972 to 1990 under the titles *Financial Data / Renseignements financiers / Datos financieros / Финансовые данные* and *Financial Data: Commercial Air Carriers / Renseignements financiers: Transporteurs aériens commerciaux / Datos financieros: Transportistas aéreos comerciales / Финансовые данные: Коммерческие авиатранспортные эксплуатанты*.

**Table 1.** Revenue and Passengers of Pan American and Aeroflot for US-USSR Services<sup>57</sup>

Year		Revenue <sup>58</sup>		Passengers	
		Amount, \$	%	Number	%
1969	Pan American	1,657,000	43.6	6,392	43.9
	Aeroflot	2,143,000	56.4	8,179	56.1
	Total	3,800,000		14,571	
1970	Pan American	1,900,000	41.2	7,531	41.6
	Aeroflot	2,714,000	58.8	10,561	57.4
	Total	4,614,000		18,092	
1971	Pan American	1,654,000	36.7	6,926	37.6
	Aeroflot	2,848,000	63.3	11,483	62.4
	Total	4,502,000		18,409	
1972	Pan American	1,932,000	30.8	9,382	33.2
	Aeroflot	4,349,000	69.2	18,867	66.8
	Total	6,281,000		28,249	
1973	Pan American	2,498,000	33.3	8,521	32.0
	Aeroflot	5,007,000	66.7	18,125	68.0
	Total	7,505,000		26,646	
1974	Pan American	2,911,000	29.3	8,157	27.8
	Aeroflot	7,022,000	70.7	21,172	72.2
	Total	9,933,000		29,329	
1975 (1st 3 Qtrs.)	Pan American	2,757,000	27.5	6,985	26.8
	Aeroflot	7,272,000	72.5	19,084	73.2
	Total	10,029,000		26,069	

<sup>57</sup> "A Discussion of Alternatives in US-USSR Aviation Relations," December 1975 memorandum written by the Bureau of International Affairs, p. 4, Acc II, box 724, folder 8, PAWA Records. Pan Am was identified as the source for these data.

<sup>58</sup> Footnote for the table in the original reads as follows: "1975, 1974 and 1973 revenue figures include cargo; 1972, 1971, 1970 and 1969 revenues do not. Cargo revenues amounted to about \$400,000 each for Pan Am and Aeroflot for 1st 3 Qtrs. 1975."

Echoing Pan Am's data above, reports that Aeroflot's leadership in Moscow received from its representatives in the US showed a lucrative operation steadily making hard currency; always being on the lookout for expanding in the American market, primarily through charter flights; stepping up advertising; contracting with US tourist agencies; and improving services by learning from other airlines.<sup>59</sup> Far from celebrating US stagflation as a sign of capitalism's imminent demise, as we might expect from Soviet propaganda, Aeroflot's head of North American operations in the mid-1970s lamented behind closed doors its negative effects on ticket sales. The Soviet airline's chief worries were stalled negotiations on adding more routes to America, Aeroflot's poor customer service reputation, and suffering from anti-Soviet propaganda during US elections, which included the bombing of their Washington, DC, office.<sup>60</sup> Throughout the 1970s, Aeroflot matured in the US into a corporation eager to capitalize on a promising market despite significant local and geopolitical obstacles.

Aeroflot's strategy also rested on advantages stemming from the Soviet political economy. According to the bilateral agreement between the two countries, Pan Am served as Aeroflot's agent in the United States while Aeroflot served as Pan Am's in the Soviet Union. Since the Soviets did not allow foreign airlines to sell airplane tickets within the USSR, this reciprocal arrangement ensured in theory that Pan Am could sell a sufficient number of tickets to Soviet citizens and foreigners alike. As noted earlier, people in each country would be free to choose either Aeroflot or Pan Am for their journeys. In practice, Aeroflot frequently denied Soviet citizens and foreigners this choice inside the USSR, refused to sell them tickets on Pan Am flights, and urged them to fly Aeroflot instead. In the US the Soviet airline sold tickets to customers through travel agents, an option that Pan Am did not have in Moscow.<sup>61</sup>

By 1974 these discrepancies became so severe that Pan Am tried to sell tickets on its own in Moscow but was told to stop by the State Department so that the American side could retain "an unclouded legal and moral right" in resolving these problems.<sup>62</sup> While retaining the high ground translated into vital currency for diplomats, it failed to pay a corporation's bills. Hamstrung by their own government, Pan

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<sup>59</sup> RGAE, f. 55, op. 1, d. 1814, "Reports from Aeroflot's representatives abroad about their work in 1974," ll. 31–68; RGAE, f. 55, op. 1, d. 1889, "Stenogram of the meeting of Aeroflot representatives working abroad, March 18–20, 1974, and related materials."

<sup>60</sup> RGAE, f. 55, op. 1, d. 2050, "Reports of Aeroflot's offices abroad about their work in 1975," ll. 53–75; RGAE, f. 55, op. 1, d. 2273, "Reports of Aeroflot's offices abroad about their work in 1976," ll. 151–184.

<sup>61</sup> For a summary of the civil air agreement between the two countries, the agreement between the two airlines, and Pan Am's account of problems implementing both, see "USSR (Aeroflot); Mr. Preece's memorandum of July 23, 1974"; draft of Pan Am telegram to Nikolai Burov, August 12, 1974; letter from Seth Preece to Michael Styles, March 22, 1974, Acc II, box 600, folder 18, PAWA Records.

<sup>62</sup> Letter from Jack Matlock to Seth Preece, July 16, 1974, Acc II, box 600, folder 18, PAWA Records.

Am executives grew increasingly frustrated while its Soviet partner ramped up its hardball tactics.

Wresting market share from a large but increasingly vulnerable competitor beholden to an unreliable government patron, the Soviet airline aggressively competed even if it meant damaging good relations with Pan Am. Aeroflot not only sought passengers flying to the USSR but also those flying to London and Paris or catching connections at Shannon Airport in Ireland (see *New York Times* 1975a, 1977). Leveraging advantages rooted in the Soviet political economy, Aeroflot and Inturist surreptitiously canceled the hotel reservations of passengers who flew on Pan Am in order to pressure US travel agents to only book tickets on Aeroflot and thereby magically avoid such mishaps.<sup>63</sup> Soviet authorities undercut the American carrier's operations in dangerous ways such as refusing to give its mechanics standby visas.<sup>64</sup> Such tactics contributed to Pan Am's belief that "essentially, Aeroflot has viewed Pan Am as a competitor rather than as a partner in a cooperative venture"—a rather odd criticism coming from a capitalist corporation, but very much in the spirit of the 1966 Civil Air Agreement.<sup>65</sup>

To be sure, Pan Am lodged official complaints about Aeroflot's underhanded moves and sought alongside the State Department to force Soviet compliance with the agreement, but with little effect.<sup>66</sup> The "commercial principle" of Aeroflot, Samorukov later lamented, remained uncompromising: "Give up nothing and take more. We need hard currency" (2003:83, 88, 108–111). While the second part of this principle spoke to the peculiarities of the Soviet political economy, the first would have fit well as the motto of any self-respecting corporation seeking to dominate a market.

Chasing profits and earning hard currency were not the same thing, but they helped land Western airline corporations and the Soviet airline in the same legal predicament. In the 1970s Aeroflot joined other airlines by engaging in illegal rebating to travel agents and by selling tickets below prices set by American civil aviation authorities. Such tactics fell under the "unofficial discounts" Samorukov's acquaintance at Inturist had urged him to learn. Ultimately, Aeroflot, Pan Am, and many other airlines faced criminal indictments in New York State court for illegally underselling airplane tickets outside the fixed price structure imposed by the Civil Aeronautics Board (Lindsey 1974; *New York Times* 1975b; Bleiberg 1976:7). Before CAB issued Aeroflot with an official complaint, including a \$1,000 fine per incident, the US State Department tried to prevent the diplomatic fallout by explaining to the Soviet ambassador that this was a "technical" matter, not a political one. Actu-

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<sup>63</sup> On such hotel cancelations, see the January 1977 memo "USSR Marketing Activities" from D. A. Colussy to Elihu Schott, Acc II, box 600, folder 18, PAWA Records.

<sup>64</sup> Letter from Seth Preece to Michael Styles, March 22, 1974, p. 3, Acc II, box 600, folder 18, PAWA Records.

<sup>65</sup> "USSR (Aeroflot); Mr. Preece's memorandum of July 23, 1974," p. 2, Acc II, box 600, folder 18, PAWA Records.

<sup>66</sup> Pan Am internal memos from September 21, 1976, "USSR" and from November 22, 1976, "Visit of Aeroflot," Acc II, box 600, folder 18, PAWA Records.

ally, it was a legal matter that forced Aeroflot to appear in court as the “foreign corporation” it had become in the United States. The Soviet government was not amused, especially when its airline’s legal woes were reported in mass media. Soviet diplomats vigorously complained and even accused Pan Am of orchestrating the affair.<sup>67</sup>

Aeroflot initially resisted a plea bargain with the US attorney for the Eastern District of New York that would have capped its fines at \$25,000; Pan Am and most other airlines took the deal (*New York Times* 1975b). The Soviet carrier eventually paid US civil aviation authorities \$40,000 in fines but not without first fighting the charges (*Department of Transportation and Related Agencies* 1975:765). Like other airline corporations, it hired a New York law firm and tried to have the underselling charges dismissed on two grounds. First, it argued that since the alleged sale of tickets below rates established by CAB had taken place in Paris, it was outside the Eastern District’s jurisdiction. Second, Aeroflot claimed that its residence was in Moscow, not in the Eastern District of New York, and so again beyond the court’s jurisdiction. The court found in Aeroflot’s favor for its first objection but rejected its second claim by meticulously describing all of Aeroflot’s operations and office space in New York City and at JFK airport (thereby leaving a short but welcome inventory for this historian). Moreover, Aeroflot’s lawyers did not object to having the Soviet airline fall into the category of a “foreign corporation.” On the contrary, they argued that the statutes related to a litigant’s residence were “not intended to apply to corporations,” which was an indirect way of claiming that Aeroflot was itself a corporation, at least in the Eastern District of New York.<sup>68</sup>

Aeroflot’s illegal sales showed its American partner that it was willing to act like other airline corporations to aggressively capture market share. Its actions were also a small part of industry-wide pressures on the US government to deregulate airlines in 1978. The irony of a Soviet enterprise undermining fixed fares imposed by the US government appeared to have been lost on everyone at the time. But when Aeroflot blatantly advertised what it was doing, Pan Am executives were left wondering how they could ever compete with such an airline. In August 1975 a magazine ad for Aeroflot titled “Worrying about tight travel budgets? Just remember who invented the planned economy” found its way to Pan Am offices. In trying to entice customers with cheap fares, amid the global oil crisis of the 1970s, the ad referenced

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<sup>67</sup> On the use of “foreign corporation” to describe the nature of Aeroflot’s actions, see “United States of America v. General Department of International Air Services (Aeroflot Soviet Airlines)” (1979:17, 716–717, 727). On State Department communications dealing with Aeroflot’s legal woes, see Cable from US Secretary of State to US Embassy in Moscow, August 15, 1973, Document Number 1973STATE161473, in Electric Telegrams in the Central Foreign Policy Files, US State Department, RG 59. In the same collection, see also Cable from US Embassy in Moscow to US Secretary of State, June 26, 1974, Document Number 1974MOSCOW10024; Cable from US Secretary of State to US Embassy in Moscow, July 13, 1974, Document Number 1974STATE151567; and Cable from the US Secretary of State to US Embassy in Moscow, July 29, 1974, Document Number 1974STATE164489.

<sup>68</sup> “United States of America v. General Department of International Air Services (Aeroflot Soviet Airlines).”

“rate-cutting” as one of many practices that made for “fiercely competitive days.” To explain how Aeroflot could provide cheap tickets *and* excellent service, the ad cheerfully noted, “One reason is we don’t have to make profits. And the other is that there’s one country that’s really expert in planning economical operations. Guess who that is.”<sup>69</sup> Aeroflot’s goal of earning hard currency instead of profits set it apart from typical corporations. Yet its ability to translate its function in the Soviet political economy into an advertising pitch allowed it to compete successfully with other airlines.

When Pan Am ceased its scheduled flights to the USSR in 1978, it did so for economic reasons, which in its eyes resulted from deceitful Soviet practices.<sup>70</sup> This was the same year that saw the deregulation of the US airline industry that unleashed market forces Pan Am was unable to adapt to, ultimately contributing to its collapse. The American carrier’s failure in the USSR was not a cause but rather a symptom of the airline’s broader inability to adjust to new circumstances and prioritize its bottom line ahead of its obligations to the US government. Pan Am’s decision to halt regular flights to the USSR ended years of failed attempts on its part to operate profitably in a political economy with a nonconvertible currency that heavily constrained the American corporation’s way of doing business. Although Pan Am continued to fly charter flights to the USSR at a profit,<sup>71</sup> the end of its regular service confirmed what some executives had long feared: its obligations to the US government had become little more than an economic burden, which it could no longer afford.

As for the US government, it sympathized with Pan Am’s position and tried to force its Soviet counterpart to keep Aeroflot in line. In 1974, for example, the director of Soviet Affairs at the State Department, John Matlock, explained to Pan Am that the US Embassy in Moscow had “formally protested” Aeroflot’s transgressions regarding sales of Pan Am tickets.<sup>72</sup> In response to such protests Aeroflot forcefully lobbied Pan Am to get the US government to lay off its stonewalling during negotiations lest it damage both airline’s business.<sup>73</sup> The US government ultimately could not force the Soviet government and Aeroflot to adhere to the two countries’ Civil Air Agreement, which itself is a testimony to the limits of American power during the Cold War.

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<sup>69</sup> The ad originally appeared in a Thai tourist magazine that sold in New York. “Aeroflot Advertising,” memo dated August 21, 1975; “Worrying about tight travel budgets? Just remember who invented the planned economy,” photocopy of Aeroflot’s magazine advertisement, Acc II, box 600, folder 18, PAWA Records.

<sup>70</sup> “Suspension of Pan Am Service to Moscow,” memo from N. P. Seagrave, July 10, 1979, pp. 1–3, Acc II, box 754, folder 16, PAWA Records.

<sup>71</sup> On Pan Am’s operation of charter flights after suspending scheduled flights, see “Suspension of Pan Am Service to Moscow,” p. 2.

<sup>72</sup> Letter from Jack Matlock to Seth Preece, July 16, 1974, Acc II, box 600, folder 18, PAWA Records.

<sup>73</sup> Letter from E. P. Barabash to F. Wisner, July 15, 1976, Acc II, box 600, folder 18, PAWA Records.

At the level of high politics and diplomacy, Svik argues, the chronic problems plaguing the air routes between the US and USSR already signaled by 1974 that “aviation détente was over” (2020:215–216). Yet Aeroflot, Pan Am, and certain non-state actors, I would argue, continued to play a critical role in shaping this corner of the Cold War, helping to extend détente beyond what the American government was willing to tolerate. Aeroflot and Pan Am’s shared route opened a space for mass media publications and advertisers to promote it as a sign of détente, providing visual and textual representations that humanized the Cold War adversaries and presented an alternative reality of cooperation and normalcy in the face of an always-imminent nuclear catastrophe.

While the Soviet and American governments penned a dry civil air agreement, it was left to the airlines, their advertisers, and mass media to shape for the public in the US and USSR what this air bridge was supposed to mean. By the time Pan Am’s problems became starkly clear in 1974, the US government did not and, I would argue, could not definitively retaliate by shutting down Aeroflot’s regular flights, at least not yet. The symbolic value of the air routes joining the superpowers—a value bolstered by the airlines and non-state actors in advertising and mass media—was simply too high to squander on Pan Am’s complaints alone. The symbolism of the routes constrained what the US government could legitimately do. Opportunities to spend the routes’ symbolic capital would come soon enough.

In the meantime, Aeroflot maintained its aggressive push into the American market for as long as geopolitics would allow. Nevertheless, it faced its share of difficult conditions in the US, like “high prices,” “inflation,” as well as “anti-Soviet propaganda” and “the provocative actions of Zionist groups,” but typically found ways to overcome or simply ignore them like any corporation facing a turbulent market, government regulators, and hostile protestors.<sup>74</sup> Some issues, Aeroflot representatives admitted, were of their own making, such as complaints from passengers who had bought first class seats on flights where no such section existed. And they recognized that some business in the American market was lost for purely economic reasons, such as a recent 8 percent rise in transatlantic fares coupled with a 25 percent drop in domestic fares. But anti-Soviet politics, Aeroflot representatives reported to headquarters, were also damaging. The 1976 election season unleashed a wave of anti-Soviet invective from both political parties, as well as “Zionists, the staunchest apologists of the military-industrial complex, defenders of the position of ‘strength,’ and various hardcore renegades feeding the fierce hatred of everything Soviet.” Aeroflot reported, in a rather rich accusation, that the Ford administration pressured tourist agencies to book Americans on American carriers and launched a campaign calling for “‘balanced’ economic profits and business relations with the Soviet Union and socialist countries.” To make matters worse, anti-Soviet sentiment

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<sup>74</sup> “Report from the General Representative of Aeroflot in the US on its work in 1975,” RGAE, f. 55, op. 1, d. 2050, ll. 16–17.

in the United States—including “spymania” and “the gall of hooligan elements [acting] against Soviet organizations”—spilled over into Canada and Mexico.<sup>75</sup>

Despite all these economic and political problems, Aeroflot’s New York and Washington offices continued to report to headquarters in Moscow their consistent growth and fulfillment of annual plans, particularly in hard currency earnings. Aeroflot’s reports confirmed Pan Am’s own assessment of the Soviet airline’s financial success, absent the American carrier’s charge that it had come at Pan Am’s expense.<sup>76</sup> Its representatives abroad and top brass in Moscow stressed the need to expand and improve service, particularly in the American market. Their recommendations included extending Aeroflot service into southern states like Florida and Texas, using market research and growing its advertising, learning from the example of well-established airlines how it could improve its services, introducing business class on the New York–Moscow route, figuring out the implications of airline deregulation in the US, competing for individual passengers and offering discounts, advertising to attract transit passengers going through Moscow, seeking out other American partners to squeeze out Pan Am, and improving customer service.<sup>77</sup>

Aeroflot kept flying to the United States until geopolitics finally intervened when the Carter administration halted its flights to New York in 1980 in retaliation for the Soviet invasion of Afghanistan and when the Reagan administration ended Aeroflot flights to Washington the following year over the Soviet suppression of Solidarity in Poland. The US government finally found sufficient cause to deprive the Soviet Union and its airline of the business they craved, as well as the symbolism of détente that Pan Am and Aeroflot, their advertisers, and mass media had built up. The two airlines resumed their shared routes in the renewed thaw of 1986 (Gold 1987). A

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<sup>75</sup> “Report on the productive and financial activities of the General Representative of Aeroflot in the US in 1976,” RGAE, f. 55, op. 1, d. 2273, ll. 168, 183; “Report on the work of the Regional Representative of Aeroflot in the countries of North American in 1976,” RGAE, f. 55, op. 1, d. 2273, ll. 208–209, 218–219. For similar claims by Aeroflot that its business in the US was hurt because of American economic problems and anti-Soviet political efforts, see “Report on the productive and financial activities of the representative of Aeroflot in Washington in 1979,” RGAE, f. 55, op. 1, d. 3036, ll. 86–88.

<sup>76</sup> See, e.g., Aeroflot’s data on its economic performance in the United States in “Report on the productive and financial activities of the General Representative of Aeroflot in New York in 1974,” RGAE, f. 55, op. 1, d. 1814, ll. 33–34; “Report on the productive and financial activities of the General Representative of Aeroflot in the US in 1975,” RGAE, f. 55, op. 1, d. 2050, ll. 4–6; “Report on the productive and financial activities of the representative of Aeroflot in Washington in 1979,” RGAE, f. 55, op. 1, d. 3036, ll. 89–90; and “Report on the work of the representative of Aeroflot in New York in 1979,” RGAE, f. 55, op. 1, d. 3036, ll. 118–119.

<sup>77</sup> For such recommendations, see the stenographic report from a March 1974 meeting of Aeroflot representatives working abroad in RGAE, f. 55, op. 1, d. 1889, ll. 70–94, 103–113, 325–335, 383–391; “Report on the work of the Regional Representative of Aeroflot in US, Canada, and Mexico in 1975,” RGAE, f. 55, op. 1, d. 2050, ll. 68–70, 73–75; “Report on the work of the representative of Aeroflot in Washington in 1975,” RGAE, f. 55, op. 1, d. 2050, ll. 189, 198; “Report on the productive and financial activities of the representative of Aeroflot in Washington in 1979,” RGAE, f. 55, op. 1, d. 3036, ll. 93–96; “Report on the work of the representative of Aeroflot in New York in 1979,” RGAE, f. 55, op. 1, d. 3036, ll. 120–121, 142–145.

few years later in 1991, however, their partnership fell apart again, but not as we might expect. It was Pan Am that collapsed in December of that year, along with the Soviet empire, while a drastically downsized Aeroflot emerged from the Soviet rubble to become a viable international airline. And a corporation.

## CONCLUSION

To the many functions that we attribute to Aeroflot in the Soviet era, we must now also include the one of airline corporation. By operating in the West and in the US in particular, Aeroflot learned how to become an airline corporation to fulfill political and economic goals such as building the USSR's global prestige, symbolically representing its parity with the US, and earning hard currency for Soviet coffers. The airline's managers, I argue, also adopted corporate practices for other reasons such as growing the company's brand, competing with their erstwhile partner, defending the airline in court, and simply functioning on a day-to-day basis in the US market and New York City. Aeroflot was indeed an "operation," as critics feared during the Cold War, but a significant part of that operation, as this article has shown, included the practices and behaviors of corporations.

Pan Am's demise alongside the USSR, on the one hand, and Aeroflot's reinvention in the 1990s, on the other, show in dramatic fashion how corporations and the "history from the middle" that they constituted can help us rethink the end of the Cold War. For corporations like Pan Am, the late 1980s and early 1990s were particularly unkind and resulted in their collapse. Bockman's provocative thesis about the "left-wing" origins of neoliberalism suggests that Pan Am's collapse and Aeroflot's massive restructuring owed something to the longer transnational exchange of economic theories well below the surface of Cold War politics. We tend to see the dramatic economic restructuring of the late 1980s and early 1990s as a fate that befell state socialist enterprises since this fits the triumphalist narrative of the Cold War's end. Yet, Pan Am's ironic demise in the same month as the USSR's collapse suggests that broader economic transformations on both sides of the Iron Curtain may have shared common roots.

The American carrier's privileged status as the US government's "chosen instrument" and the CAB's heavy regulation of the airline industry were the kind of low-hanging fruit neoliberal ideologues were eager to annihilate (Trost 2014). One could argue that the deregulation of US airline corporations and the disruptions it caused for legacy carriers like Pan Am were but a taste of the neoliberal "shock therapy" state socialist regimes would experience a decade later. In this view, the turbulence of the late 1980s came not only from the high politics of Ronald Reagan and Mikhail Gorbachev's resolution of the Cold War but also from the economic forces and ideas—unleashed around the time that Aeroflot and Pan Am were settling into their Moscow–New York route—that came to a head in 1991.<sup>78</sup>

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<sup>78</sup> For example, the economic impact of OPEC's oil embargo in 1973 and the effects it had on Western and state socialist economies have long been considered factors in the USSR's collapse (see, e.g., Kotkin 2001).

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## САМАЯ БОЛЬШАЯ АВИАКОМПАНИЯ В МИРЕ: КАК «АЭРОФЛОТ» НАУЧИЛСЯ НЕ ВОЛНОВАТЬСЯ И СТАЛ КОРПОРАЦИЕЙ

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Подобно сексу, корпораций в Советском Союзе не существовало. Знаменитое высказывание эпохи Горбачева о бесполом советском существовании подсказывает, как мы можем подойти к тому, что случилось с корпорацией в советской истории. Наравне с сексом в советской культуре, государство рабочих формально искоренило устрашающие инкорпорированные тела капитализма и не пощадило их в последующих идеологических битвах. Но, как и в случае с сексом, корпоративные манеры и практики возникали в самых необычных местах, чтобы поддержать советскую экономику, в то время как Запад оставался источником вдохновения для новых способов сделать это. Чтобы изучить корпорации советского времени, в этой статье исследуется «Аэрофлот» и маршруты, которые он разделял с Pan American World Airways (Pan Am) между США и СССР в конце 1960-х и 1970-х годах. Я утверждаю, что работа на рынке США позволила «Аэрофлоту» научиться быть корпорацией задолго до эпохи Горбачева и распада Советского Союза. Адаптация «Аэрофлотом» корпоративной практики скорее укрепила авиакомпанию и советскую политическую экономию, чем угрожала им. Кроме того, я показываю, как авиакомпания полагалась не только на Pan Am, но и на сеть американских предприятий и частных лиц (в том числе эмигрантов из России), чтобы приучить себя к корпоративной практике. Я утверждаю, что пример «Аэрофлота» предполагает, что советские предприятия могли стать корпорациями во всем, кроме названия, за пределами советских границ и что их моделями для этого были не дореволюционные российские корпорации, а западные корпорации послевоенной эпохи. В этой статье также показано, каким образом корпорации и государственные социалистические предприятия влияли на облик Холодной войны, и что более пристальное внимание к ним может раскрыть в отношении того, как закончился конфликт сверхдержав.

**Ключевые слова:** «Аэрофлот»; Pan American World Airways; Холодная война; гражданская авиация; реклама; корпорация