1973MUN’26

Supreme Soviet of the Soviet Union Study Guide

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1. Letters

1.1. Letter from Secretary General

Distinguished delegates, I am your Secretary General, Egemen Erkan. First of all, I wish you all a great conference. When we organized the 1973MUN conference, our main goal was to create a new, unparalleled conference that, academically speaking, would allow you to look back and say, "It was worth my time and I gained so much from this." We carefully selected each Under Secretary General for our conference. Each of them is a master in their field and a successful member who will do everything in their power to help you. Thank you all for joining us, and I wish you all the best in your work.

Best regards,

Egemen Erkan

Secretary General of 1973MUN’26

1.2. Letter from Deputy Secretary General

Dear Delegates,

My name is Eslem Yanık and I am honored to serve as the Deputy Secretary General of 1973MUN.

1973MUN aspires to be a conference distinguished by its strong academic standards and high quality debate. The true quality of this conference however lies in your preparation, vision and the depth you bring to discussions. Within the dynamic international context of 1973, I am confident that you will represent your countries with both accuracy and impact.

Speak boldly, think critically, and demonstrate strong diplomacy.

I look forward to your debates.

Best regards,

Eslem Yanık

Deputy Secretary-General

1973MUN

1.3. Letter from Under Secretary General

Esteemed Delegates;

I am Fehmi Efe Arslan, 10th grade student at Ankara Ataturk High School, and serving as the Under Secretary General of the Supreme Soviet of the Soviet Union and the General Secretary of the Communist Party of Soviet Union - Michael Gorbachev in 1973MUN’26. It is a great pleasure and honor to be here serving as an Under Secretary General in this precious conference.

In our committee, the Supreme Soviet of the Soviet Union; you will try to figure out how to prevent the collapse of the USSR. After the Chernobyl incident, we will try to save our USSR all together. I am hundred percent sure that we will have a great time together.

I would like to thank all of the Executive Team, especially the Secretariat of 1973MUN’26 - Egemen and Eslem - for their invitation and efforts for the conference. And I would like to thank my dear Academic Assistant - Yağmur Akman. He was my IT Team Member in MUNAAL’25, we became delegates together, then he was my DSG in MUNAAL’26 and now we are doing committees together and it is a great honor to be his USG. I would like to thank him for everything. Last not but least I would like to thank my whole MUNAAL family.

Lastly, if you have any inquiries relevant to committee, do not hesitate to contact me via my mail address, fehmiefearslan@gmail.com

Yours Faithfully,

Fehmi Efe Arslan

Under Secretary General of the SSUSSR Committee

1.4. Letter from Academic Assistant

Dear Delegates,

My name is Yağmur Akman and I am currently a 10th-grade student at Ankara Atatürk High School. I am really happy to be a part of this conference.

This committee is really special with its procedure and I do hope that you have a really good time.

I would like to thank the Secretary-General Egemen Erkan. He was my president chair before and I do know that he is excellent at his work.. I also would like to specially thank my dear friend Fehmi Efe Arslan. I was his member, later on his DSG, delegate peer on the same committee, his USG and now another committee together. I hope to see him more in Ankara rather than Bursa :). Lastly I would like to thank my MUNAAL family.

Unfortunately, I will be unable to attend the conference but I do hope that you will have fun.

So that's it for my letter. I hope you all like the guide and get ready for the committee easily.

In case you have any inquiries, don't hesitate to contact me through my mail.

yagmurakman2@gmail.com

Best Regards,

Yağmur Akman

Academic Assistant of the SSUSSR Committee

2. Introduction to the Committee: Supreme Soviet of the Soviet Union (SSUSSR)

The Supreme Soviet (Russian: Верховный Совет, *Verkhovny Sovet*,. 'Supreme Council') was the common name for the highest organs of state authority of the Soviet socialist republics (SSR) in the Union of Soviet Socialist Republics (USSR). These soviets were modeled after the Supreme Soviet of the USSR, established in 1938, and were nearly identical.

Party-approved delegates to the Supreme Soviets were periodically elected unopposed in show elections. The first free or semi-free elections took place during *perestroika* in late 1980s, in which Supreme Soviets themselves were no longer directly elected. Instead, Supreme Soviets were appointed by directly elected Congresses of People's Deputies based somewhat on the Congresses of Soviets that preceded the Supreme Soviets. The soviets until then were largely rubber-stamp institutions, approving decisions handed to them by the Communist Party of the USSR or of each SSR.

The soviets met infrequently (often only twice a year for only several days) and elected the Presidium of the Supreme Soviet, a permanent body, to act on their behalf while the soviet was not in session. The presidiums were also empowered to issue decrees in lieu of law. If such decrees were not ratified by the Supreme Soviet at its next session, they were to be considered revoked. In practice, the principles of democratic centralism meant this power of veto was almost never exercised, meaning that Presidium decrees *de facto* had the force of law.

Under the 1936 and 1977 Soviet Constitutions, the Presidium of a Supreme Soviet served as the collective head of state of its republic. The Supreme Soviets also elected Councils of Ministers (Councils of People's Commissars before 1946), which were executive bodies.

2.1. Mandate and Legitimacy of the USSR

The USSR's legitimacy was rooted in socialist ideology -the main purpose is promising social equality across USSR- rather than Western democratic consent, operating as a one-party state under the Communist Party of Soviet Union (CPSU). Its mandate evolved from the 1917 revolution and worker soviets to a system of democratic centralism and strict constitutional control where the Supreme Soviet held supreme power for legitimacy.

The CPSU maintained its legitimacy through the promise of building a communist society, functioning as a utopian revolutionary myth. The 1924, 1936 and 1977 constitutions provided legal frameworks for power defining the Supreme Soviet as the highest state and legitimate organ in the USSR. Also, initially based on workers councils, the system claimed to represent the popular will, though it evolved into a monolithic party structure.

The CPSU served as the guiding force of society, monopolizing political control through Article 6 of the 1977 Constitution. And while the 1936 Constitution granted direct suffrage, elections usually featured single and approved candidates. Beyond the ideology of the USSR, the state used a vast security apparatus (KGB) to secure their compliance. The state drew legitimacy from industrialization and superpower status in the postwar era.

The world's changing social conditions have introduced principally new parameters: globalization, which questions traditional Eurocentric theories; information technologies, which open doors to online communications between representatives of different societies, irrespective of developmental stereotypes and historical diversities; and more intensive intercultural mobility, which reveals the importance of new value-free and more neutral terminology in order to avoid the mechanical explanation of one culture in terms and values taken from another one.

From this point of view, the democratic transit theory, which was dominant after the collapse of the Soviet Union and during the period of anti-Communist revolutions in Eastern Europe, could not be adopted as a comprehensive explanation of the new post-Soviet reality.

The main inconsistencies of this theory can be schematically summarized in five key arguments:

(1) the theory combines, in one basket, the targets of scientific explanation of phenomena and its ideological legitimacy fabrication, and thus it is not a value-free interpretation of the democratic transit;

(2) it is too abstract, ignoring the difference between the cultural, historical, and political prerequisites of democratic trends in different parts of the world and in different countries;

(3) it postulates the linear character of the whole transformation, ignoring the retroactive trends and mistakes in this development;

(4) it has a teleological character that was probably inspired by a naive good faith in the final result—the indisputable triumph of liberal democracy as the best system in the history of the world;

(5) it stands in obvious contradiction to the facts: the rise of a new conservative wave in Eastern Europe, Russia, and the countries of the post-Soviet region, where the end of the "democratic transit" means not the establishment of liberal democracy but the definitive challenge to classic Western constitutionalism, its values, principles, and norms.

It is clear that the logic of constitutional transformation in the countries of Eastern Europe and East as shown in recent legal and political upheavals, demonstrates that the initial liberal impulse that inspired the whole democratic transition in the countries of the region has been dissolved and replaced by a new conservative political orientation rooted in feelings of alienation, disappointment, inconsistency, and aggressive nationalistic reaction toward constitutional modernization.

2.2. Structure and Powers of the Soviet Government

The government was the highest executive and administrative body of the Soviet state. It was formed at the 1st Plenary Session of the Supreme Soviet (the joint meeting of the Soviet of the Union and the Soviet of Nationalities), and had to consist of the government chairman, his first deputies, deputies, ministers, state committees chairmen and the republican governmental chairmen. The premier could recommend individuals who he found suitable for membership in the governmental council to the Supreme Soviet. The government tendered its resignation to the first plenary session of a newly elected Supreme Soviet.

The government was responsible to the Supreme Soviet and its Presidium. It regularly reported to the Supreme Soviet on its work, as well as being tasked with resolving all state administrative duties in the jurisdiction of the USSR which were not the responsibility of the Supreme Soviet or the Presidium. Within its limits, the government had responsibility for:

- Management of the union's economy and socio-cultural construction and development.
- Formulation and submission of the five-year plans for "economic and social development" to the Supreme Soviet along with the state budget.
- Defence of the interests of state, socialist property, public order and to protect the rights of Soviet citizens.
- Ensuring state security.
- General policies for the Soviet armed forces and determination of how many citizens were to be drafted into service.
- General policies concerning Soviet foreign relations and trade, economic, scientific-technical and cultural cooperation of the USSR with foreign countries as well as the power to confirm or denounce international treaties signed by the USSR.

- Creation of necessary organisations within the government concerning economics, socio-cultural development and defence.

The government could issue decrees and resolutions and later verify their execution. All organisations were obliged to obey the decrees and resolutions issued by the government. The All-Union Council also had the power to suspend all mandates and decrees issued by itself or organisations subordinate to it. The Council coordinated and directed the work of the union republics and union ministries, state committees and other organs subordinate to it. The competence of the government and its Presidium with respect to their procedures and activities and the council's relationships with subordinate organs were defined in the Soviet constitution by the Law on the Council of Ministers of the USSR.

Each union republic and autonomous republic had its own governments formed by the republican legislature of the respective union republic or autonomous republic. Republican governments were not legally subordinate to the All-Union government, but they were obliged in their activities to be guided by the decrees and decisions of the All-Union government. At the same time, the union-republican ministries had double subordination – they simultaneously submitted to the union republican government, within the framework of which they were created, and to the corresponding all-union government, orders and instructions which should have been guided in their activities. In contrast to the union republican ministries of the union republic, the republican ministries were subordinate only to the government of the corresponding union republic.

2.3. Communist Party of Soviet Union (CPSU)

The Communist Party of the Soviet Union (CPSU), at some points known as the Russian Communist Party (Bolsheviks) and the All-Union Communist Party (Bolsheviks), and sometimes referred to as the Bolshevik Party and Soviet Communist Party, was the

founding and ruling political party of the Soviet Union. The CPSU was the sole governing party of the Soviet Union until 1990 when the Congress of People's Deputies modified Article 6 of the 1977 Soviet Constitution, which had previously granted the CPSU a monopoly over the political system. The party's main ideology was Marxism–Leninism. The party was outlawed under Russian president Boris Yeltsin's decree on 6 November 1991, citing the 1991 Soviet coup attempt as a reason.

The party started in 1898 as part of the Russian Social Democratic Labour Party (RSDLP). In 1903, that party split into a Menshevik ("minority") and Bolshevik ("majority") faction; the latter, led by Vladimir Lenin, is the direct ancestor of the CPSU and is the party that seized power in the October Revolution of 1917. Its activities were suspended on Soviet territory 74 years later, on 29 August 1991, soon after a failed coup d'état by conservative CPSU leaders against the reforming Soviet president and party general secretary Mikhail Gorbachev.

The CPSU was a communist party based on democratic centralism. This principle, conceived by Lenin, entails democratic and open discussion of policy issues within the party, followed by the requirement of total unity in upholding the agreed policies. The highest body within the CPSU was the Party Congress, which convened every five years. When the Congress was not in session, the Central Committee was the highest body. Because the Central Committee met twice a year, most day-to-day duties and responsibilities were vested in the Politburo, (previously the Presidium), the Secretariat and the Orgburo (until 1952). The party leader was the head of government and held the office of either General Secretary, Premier or head of state, or two of the three offices concurrently, but never all three at the same time. The party leader was the de facto chairman of the CPSU Politburo and chief

executive of the Soviet Union. The tension between the party and the state (Council of Ministers of the Soviet Union) for the shifting focus of power was never formally resolved.

After the founding of the Soviet Union in 1922, Lenin had introduced a mixed economy, commonly referred to as the New Economic Policy, which allowed for capitalist practices to resume under the Communist Party dictation in order to develop the necessary conditions for socialism to become a practical pursuit in the economically undeveloped country. In 1929, as Joseph Stalin became the leader of the party, Marxism–Leninism, a fusion of the original ideas of German philosopher and economic theorist Karl Marx, and Lenin, became formalized by Stalin as the party's guiding ideology and would remain so throughout the rest of its existence. The party pursued state socialism, under which all industries were nationalized, and a command economy was implemented. After recovering from the Second World War, reforms were implemented which decentralized economic planning and liberalized Soviet society in general under Nikita Khrushchev.

By 1980, various factors, including the continuing Cold War, and ongoing nuclear arms race with the United States and other Western European powers and unaddressed inefficiencies in the economy, led to stagnant economic growth under Alexei Kosygin, and further with Leonid Brezhnev and growing disillusionment. After the younger, vigorous Mikhail Gorbachev assumed leadership in 1985 (following two short-term elderly leaders, Yuri Andropov and Konstantin Chernenko, who quickly died in succession), rapid steps were taken to transform the tottering Soviet economic system in the direction of a market economy once again. Gorbachev and his allies envisioned the introduction of an economy similar to Lenin's earlier New Economic Policy through a program of "perestroika", or restructuring, but their reforms, along with the institution of free multi-candidate elections led to a decline in the party's power, and after the dissolution of the Soviet Union, the banning of the party by

later last RSFSR president Boris Yeltsin and subsequent first president of the successor Russian Federation.

A number of causes contributed to CPSU's loss of control and the dissolution of the Soviet Union during the early 1990s. Some historians have written that Gorbachev's policy of "glasnost" (political openness) was the root cause, noting that it weakened the party's control over society. Gorbachev maintained that perestroika without glasnost was doomed to failure anyway. Others have blamed the economic stagnation and subsequent loss of faith by the general populace in communist ideology. In the final years of the CPSU's existence, the Communist Parties of the federal subjects of Russia were united into the Communist Party of the Russian Soviet Federative Socialist Republic (RSFSR). After the CPSU's demise, the Communist Parties of the Union Republics became independent and underwent various separate paths of reform. In Russia, the Communist Party of the Russian Federation emerged and has been regarded as the inheritor of the CPSU's old Bolshevik legacy into the present day.

The style of governance in the party alternated between collective leadership and a cult of personality. Collective leadership split power between the Politburo, the Central Committee, and the Council of Ministers to hinder any attempts to create a one-man dominance over the Soviet political system. By contrast, Stalin's period as leader was characterized by an extensive cult of personality. Regardless of leadership style, all political power in the Soviet Union was concentrated in the organization of the CPSU.

The CPSU was structured as a nested territorial system: union-republic parties (where applicable), regional (oblast/kray) committees, city and district (raion) committees, and workplace or institutional primary party organizations (PPOs). At each level, a committee

and its leading secretary coordinated implementation of higher directives, supervised local decisions, and linked party authority to state agencies, enterprises, and mass organizations.

Under Lenin and later Joseph Stalin, the CPSU operated as a dictatorship, asserting control over all government and economic sectors, while suppressing dissent through the use of secret police and significant state violence. The party's policies had profound impacts, including land redistribution and industrial control, although they also led to widespread famine and oppression. Throughout its existence, the CPSU expanded its influence across Eastern Europe and Asia, establishing communist governments aligned with its directives.

During the latter part of the 20th century, the CPSU faced increasing pressure for reform, leading to significant changes under Mikhail Gorbachev in the 1980s, which ultimately contributed to the end of communist rule and the dissolution of the Soviet Union in 1991. Following this, the CPSU was banned from operating in the newly formed Russian Federation.

The Soviet Union was the first nation in the world to adopt Marx's communist style of government. In these early years, Lenin worked quickly to integrate communist principles into Soviet society and help the general public. The CPSU gave land formerly owned by the wealthy classes to the peasants and allowed workers' committees to control industry. The party also instituted eight-hour workdays and provided people with unemployment benefits.
These actions allowed Lenin to declare that the Soviet Union was a dictatorship of the proletariats. However, Lenin and the CPSU were the true rulers of the Soviet Union. Lenin banned the teaching of history in favor of educating the masses in communism. The CPSU held ultimate authority over all areas of government and industry in the country. The party's secret police force, the Cheka, imprisoned, tortured, and killed anyone considered a threat to the government.

Lenin had several health crises in the early 1920s and, no longer able to serve the Soviet Union directly, took to writing about his wishes for the future of the CPSU. Lenin regretted that the party had become so tyrannical. He also feared that Joseph Stalin, who had become the party's general secretary in 1922, held too much power. Lenin wanted Stalin removed from his post, but this was not to be—Lenin died in 1924, leaving Stalin in control of the CPSU. Stalin remained dictator of the Soviet Union until he died in 1953. At that time, his economic programs caused great famine and killed millions of Soviets. Stalin also continued suppressing dissenters with imprisonment and death.

Over time, the CPSU also ruled fourteen additional countries in Eastern Europe and Western and Central Asia. The party established puppet communist governments in nations such as Ukraine, Lithuania, Georgia, and Kazakhstan. These nations derived their power from the CPSU.

The Soviet Union's totalitarian style of leadership brought the country into conflict with the United States and Western Europe. Western leaders believed the Soviets were trying to undermine and destroy the West. Soviet leaders felt the same about the West. This period of tensions between East and West was called the Cold War. It lasted from 1945 to 1991. During this time, the Soviet Union and the United States continually tried to outmatch each other in military and technological strength.

Mikhail Gorbachev became general secretary of the CPSU in 1985. He wanted to reform the Soviet Union to develop a stronger economy and become more open to the world.

Basically, the Communist Party of the Soviet Union was the governmental party in the USSR. Their ideologies were basically Marxism and Communism and they adopted a Marx's communist style of government.

2.4. Limits of Legislative Authority in Practise

In the USSR, legislative authority was practically limited by the supremacy of the Communist Party (CPSU), which directed policy, and the frequent use of executive edicts by the Presidium of the Supreme Soviet rather than formal legislative acts. The Supreme Soviet acted largely to approve, or "rubber-stamp," pre-determined Party decisions, with authority subordinated to the party-state command system.

Key limits on legislative authority in the USSR included:

- The Communist Party Central Committee, not the Supreme Soviet, held true policy-making power, and Party members filled the legislative body to implement these directives.
- The Presidium of the Supreme Soviet had the authority to pass edicts on any subject while the Supreme Soviet was not in session—which was most of the time—effectively bypassing the legislature for significant legal changes.
- Early reform legislation often failed because the bureaucracy subordinated legislative goals to its own narrow interests.
- Soviet legal theory viewed law not as a restriction on power, but as a tool of "socialist legality," subordinate to the political imperatives of the state.
- Legislative action was often a formality used to "paper" decisions previously made by leadership, rather than a genuine legislative process.
- Although the Supreme Soviet was formally the highest organ, it was limited by its own constitutional role, which focused on managing the state according to CPSU directives.

The key thing to remember about the Soviet Union, particularly in the first half of the 20th century, was that the State wasn't where the political power lay-- it was the Party. We're used to a legislature passing laws to create policy; the Supreme Soviet did pass laws, and

indeed, there were several Soviet Constitutions which went into great detail on all sorts of things but law mattered much less than Party policy. So if the 1936 Constitution said that school was free, and the Party decided to impose school fees, no one went to court to try to contest them on Constitutional grounds.

Later, the Soviets became more assiduous about creating institutions of State that appeared to be superficially analogous to those of the West. They had a legal code, and lawyers, and laws were passed in their legislature, the Supreme Soviet. But this was essentially an administrative function, after the Party had decided what it wanted to do; measures in the Supreme Soviet were only rarely contested or meaningfully debated.

The Soviets did have all sorts of arguments about policy- what laws should we have and so on- but these debates took place in the Party itself; the legislature usually just approved what the Party had decided. This is some of what is meant by the phrase they often used "the leading role" of the Communist Party. It is reasonable to say that the Soviet Union was not a "rule of law" State; it was a "rule of the Party" state.

3. Historical Background of the Collapse

3.1. Structural Weaknesses of the Soviet System Prior to Reforms

A significant factor in the demise of the Cold War was growing economic problems in the Soviet Union. In 1961, Soviet leader Nikita Khrushchev told a party congress that the USSR would achieve full communism within 20 years. Khrushchev was gone within three years, however, replaced by a collective headed by Leonid Brezhnev. Under this new leadership, the Soviet government implemented decentralised, market-based reforms aimed at improving growth. The reforms were initially successful and the Soviet Union prospered for a time. The Soviet economy peaked in the early 1970s after its gross national product grew by five percent since 1965. The decade that followed, however, was disastrous. It is often

referred to using the economic term "stagnation", meaning a long period of slow or negative growth. Historians disagree on the causes of this stagnation, however, failures in central planning and the Soviet bureaucracy appear notable culprits. Whatever the causes, the 1970s were a dismal decade for the Soviet Union and its people. This left the USSR unprepared for the challenges to come.

Despite earlier reforms, the Soviet economy in the 1970s remained a highly centralised command economy. Production priorities and targets were announced in Five-Year Plans; specific targets and quotas were formulated by economic planners in Moscow; they were relayed and managed by Soviet bureaucrats at regional and local levels. This system contained little flexibility or scope for local decision-making. As the Soviet economy grew, its centralised decision-making and bureaucracy became problematic. To cope with the needs of economic management, the number of bureaucrats and clerical workers grew – often at a much faster rate than skilled and industrial workers responsible for production. The Soviet bureaucracy had grown too top-heavy, while the Soviet economy was becoming too unwieldy and complex to be centrally managed from Moscow. In 1965 Soviet premier Alexei Kosygin proposed a series of reforms drafted by Evsei Liberman, a Ukrainian economist. Liberman suggested decentralising the economy and reintroducing profit as an incentive for work units. Some of these changes were introduced in agriculture and light industry, though Liberman's reforms were never fully implemented. Nevertheless, these changes stimulated the Soviet economy, which enjoyed its best period between 1965 and 1972.

By the mid-1970s, however, the Soviet economy was beginning to suffer from contraction and low growth. Some of this was caused by changes in the international sphere, such as the United States' abandonment of the gold standard (1971) and the OPEC oil crisis (1973) – but structural domestic problems were more to blame. The Soviet economy had

endured years of massive military spending, shortfalls in natural resources, bureaucratic mismanagement and rising corruption. The Soviet Union's rapid industrial and technological growth had come at the expense of its agricultural sector, which shrank steadily through the 1970s. By the 1980s, Soviet Russia could not produce enough grain to feed its own population. Moscow relied on grain imports – including large amounts from Western countries. This was not only embarrassing, it contributed to a sizeable trade deficit. Moscow found no effective solutions to the country's economic slump. Major economic reform was clearly needed but there was inadequate political support for such a step. The Kremlin's habit of micro-managing the economy meant new projects and policies were slow to be approved. The government's only significant economic reform of the early 1980s was a series of anti-corruption measures.

This economic downturn had dire impacts on living standards. Soviet citizens had never enjoyed standards of living comparable to the West but by the late 1970s, they had deteriorated even further, due mainly to shortages of food and consumer goods. The Soviet economy had always prioritised military and industrial requirements over everyday consumer goods. As a consequence, there were dire shortages and long waiting periods for even the most basic items. Few Russians could afford a car and those who did faced a waiting period of several years. Electrical items like televisions, refrigerators and washing machines were difficult to obtain. The consumer goods produced in the USSR – mainly cars, clothing and footwear – were notorious for their poor quality and lack of durability. Imported European and American goods were hard to find, expensive and out of reach for most Russians. Images of Soviet stores with long queues or near-empty shelves became a staple in the Western media. United States president Ronald Reagan frequently told jokes that ridiculed parlous economic conditions in the Soviet Union.

Also, there are economic weaknesses that were connected to the failure of the reforms that tried to make in the USSR.

Fundamental economic weaknesses:

- Soviet economy flawed
- Failed to create incentives for hard work or innovation
- From 1945-1980, egalitarian state
    - The difference between rich and poor is much smaller than the difference in the west.
    - Therefore, less incentive to improve
- Labour productivity is much lower in the West.

Waste in the USSR's economy:

- Gosplan state planning committee who measured and rewarded production.
- Quality of production was irrelevant
    - As well as the proportion of the goods being used on whether they were even being used.
- Although a large amount of goods were produced, they were often wasted.
- For example: Gosplan demanded 400,000 tractors,
    - At least 20% went unused due to shortages of tractor drivers.
- Waste was a big issue:
    - Estimated of 12% of machinery went unused

Modernisation of the USSR's economy:

- Never fully modernised
- Too many tractors, Soviet agriculture lacked sophisticated machinery.
- Required a lot more labour than the West.

- In the 1960's, 25.4% of Soviet workers were in farms, in comparison to the West where just 4.6% worked in farms.
- The transportation system never fully modernised.
    - Therefore transporting food was difficult
- Lack of a modern storage system led to crops like grain rotting away due to inadequate storage facilities before it would be used.
- Therefore, whilst a greater percentage of Soviet workers were in farms than America, they still managed six times more production than the USSR.

Arms race:

- Production of expensive missiles, nuclear bombs, tanks and fighter planes.
- Between 1965-1985, proportion of GDP spent on defence went from 12% to 17%
    - Compared to America at 6% average over this period.
- Soviet defence spending starved other areas of the economy that actually needed it.

Centralisation:

- Economy controlled by government administrators.
- In farming, the government set timetables for planning and harvesting
    - But they did not account for local initiatives.
    - Farmers, who had expertise, could not interfere to adjust the schedule to account for whether.
- Central planners set schedules for delivery of fertilisers.
    - Often delivered late or were the wrong kind for the crop planted.
- This explains why the production of important crops improved very slowly.
- Centralisation caused significant issues because it limited production.

3.2. Stagnation Era and Decline in Productivity

The Era of Stagnation is a term used to describe the economic, political and social era in the history of the Soviet Union that began during the rule of Leonid Brezhnev (1964-1982) and continued under Yuri Andropov (1982-1984) and Konstantin Chernenko (1984-1985). It is sometimes called the Brezhnevian Stagnation in English.

During the period of Brezhnev's leadership, the term "Era of Stagnation" was not used. Instead, in Soviet ideology, the term "period of developed socialism" was used for the period that started in 1967. This Soviet concept was officially declared at the 24th Congress of the Communist Party of the Soviet Union in 1971. It stemmed from the failure of Khrushchev's promise in 1961 of reaching communism in 20 years and was a replacement for the concept "period of the extensive construction of communism" (Russian: период развёрнутого строительства коммунизма). It was in the 1980s that the Soviet leader Mikhail Gorbachev coined the term "Era of Stagnation" to describe the economic difficulties that developed when Leonid Brezhnev led the Soviet Union from 1964 to 1984. After becoming leader of the Soviet Union, Gorbachev would characterize the economy under Brezhnev's rule as "the lowest stage of socialism". Scholars have subsequently disagreed on the dates, the significance, and the causes of the stagnation. Supporters of Gorbachev have criticized Brezhnev himself and the Brezhnev administration in general for being too conservative and failing to change with the times.

After the death of Soviet leader Joseph Stalin in 1953, a program of policy change was begun, later known as de-Stalinization. Nikita Khrushchev, who succeeded Stalin's brief successor Georgy Malenkov as Soviet leader, introduced relatively liberal reforms during the period known as the Khrushchev Thaw. This period also brought an economic increase that topped at 6%. The Manege Affair of 1962, during which Khrushchev publicly criticized an exhibition of Soviet art, led to the reassertion of Communist Party control over the arts and marked the beginning of the end of the Cultural Thaw.

Brezhnev replaced Khrushchev as Soviet leader in 1964. The Brezhnev Era (1964–1982) began with high economic growth and soaring prosperity, but gradually significant problems in social, political, and economic areas accumulated. Social stagnation began following Brezhnev's rise to power, when he revoked several of Khrushchev's reforms and partially rehabilitated some Stalinist policies, such as centralized control, suppression of dissent, and economic centralization. Some commentators regard the start of social stagnation as being the Sinyavsky–Daniel trial in 1966, in which two writers were convicted of anti-Soviet agitation and which marked the end of the Khrushchev Thaw. Others place it at the time of the Warsaw Pact invasion of Czechoslovakia in 1968 that suppressed the Prague Spring. The period's political stagnation is associated with the establishment of gerontocracy, which came into being as part of the policy of stability.

The majority of scholars set the starting year for economic stagnation at 1975, although some claim that it began as early as the 1960s. Industrial growth rates declined during the 1970s as heavy industry and the arms industry were prioritized while Soviet consumer goods were neglected. The value of all consumer goods manufactured in 1972 in retail prices was about 118 billion roubles; thus some scholars cite 1972 as year 0. Historians, scholars, and specialists are uncertain what caused the stagnation, with some arguing that the command economy suffered from systemic flaws that inhibited growth. Others have argued that the lack of reforms or the high expenditures on the military led to stagnation.

The stagnation of the Soviet economy was fueled even further by the Soviet Union's ever-widening technological gap with the West. Due to the cumbersome procedures of the centralized planning system, Soviet industries were incapable of the innovation needed to meet public demand. This was especially notable in the field of computers. In response to the lack of uniform standards for peripherals and digital capacity in the Soviet computer industry, Brezhnev's regime ordered an end to all independent computer development and required all

future models to be based on the IBM/360. However, following the adoption of the IBM/360 system, the Soviet Union was never able to build enough platforms, let alone improve on its design. As its technology continued to fall behind the West, the Soviet Union increasingly resorted to pirating Western designs.

Brezhnev has been criticized posthumously for doing too little to improve the economic situation. Throughout his rule, no major reforms were initiated and the few proposed reforms were either very modest or opposed by the majority of the Soviet leadership. The reform-minded Chairman of the Council of Ministers (Government), Alexei Kosygin, introduced two modest reforms in the 1970s after the failure of his more radical 1965 reform and attempted to reverse the trend of declining growth. By the 1970s, Brezhnev had consolidated enough power to stop any "radical" reform-minded attempts by Kosygin.

The last significant reform undertaken by the Kosygin government, and some believe in the pre-perestroika era, was a joint decision of the Central Committee and the Council of Ministers named "Improving planning and reinforcing the effects of the economic mechanism on raising the effectiveness in production and improving the quality of work", more commonly known as the 1979 reform. The reform, in contrast to the 1965 reform, sought to increase the central government's economic involvement by enhancing the duties and responsibilities of the ministries. With Kosygin's death in 1980, and due to his successor Nikolai Tikhonov's conservative approach to economics, very little of the reform was actually carried out.

After the death of Brezhnev in November 1982, Yuri Andropov succeeded him as Soviet leader. Brezhnev's legacy was a Soviet Union that was much less dynamic than it had been when he assumed power in 1964. During Andropov's short rule, modest reforms were introduced; he died little more than a year later in February 1984. Konstantin Chernenko, his successor, continued many of Andropov's policies. The economic problems that began under

Brezhnev persisted into these short-lived administrations, and scholars still debate whether the reform policies that were followed improved the economic situation in the country.

One of the main causes for Khrushchev's dismissal from power was the relatively poor economic growth during the early 1960s. Overall economic growth was 6% from 1951 to 1955 but had fallen to 5.8% in the subsequent 5 years and to 5% from 1961 to 1965. Labour productivity, which had grown 4.7% from the 1950s to 1962, had declined to 4% by the early 1960s. Growth, capital out and investments were all showing signs of steady decline. Another problem was Khrushchev's unrealistic promises such as committing to reach communism in 20 years, a near impossibility with the then-current economic indicators. Ultimately, as a result of his failure to deliver on his promises and the problems engendered, Khrushchev was dismissed in October 1964 by a collective leadership led by Leonid Brezhnev and Alexei Kosygin. To counter Khrushchev's promise of reaching communism, the Soviet leadership created the term developed socialism, which meant that the Soviet Union had developed to a sufficiently advanced stage that the country would move "naturally" to communism (in an unspecified amount of time).

Khrushchev's dismissal led to the establishment of a more conservative Politburo; Kosygin, Nikolai Podgorny and Andrei Kirilenko were the most liberal members, Brezhnev and Arvīds Pelše belonged to the moderate faction while Mikhail Suslov retained his leadership of the party's hardliners. Kosygin and Brezhnev strongly disagreed over economic policy; Kosygin wanted to increase investments in consumer goods and light industry whereas Brezhnev wanted to increase investment in heavy industry, agriculture and defence. In 1965, Kosygin introduced an economic reform, widely referred to as the "Kosygin reform", which aimed to reform the planned economy within a socialist framework. In a bid to improve the Soviet economy Kosygin copied some of the measures used in the Western Bloc, such as profit making, which Brezhnev agreed to as the Soviet economy was entering a

period of low growth. Kosygin's reforms on agriculture gave considerable autonomy to the collective farms, giving them the right to the contents of private farming. As a result, during the Eighth Five-Year Plan (1966–1970), large-scale land reclamation programmes, construction of irrigation channels, and other measures were enacted. Overall, the reform failed and links to any high growth rates during the Eighth Five-Year Plan are considered to be "tenuous".

The Brezhnev era, which had begun with high growth, began to stagnate some time in the early 1970s. Kosygin's "radical" reform attempts were halted in 1971 and his second reform was more modest. The second reform was halted because of the 1973 oil crisis, when an international increase in the price of oil prompted economic growth based on selling oil. Another reform was implemented in 1979 but this, too, failed as by this time the Soviet economy had become "addicted" to high oil prices.

3.3. Political Rigidity and Lack of Institutional Flexibility

The initial bias was a fixed one—the Marxist dogma—and there was a mutually self-reinforcing relationship between the rigidity of the dogma and the rigidity of prevailing conditions. The system reached its peak in the last few years of Stalin’s rule. The system was all-embracing: it was a system of government, an economic system, a territorial empire and an ideology. Even genetics obeyed the Marxist doctrine. Not every science could be subjugated with equal ease, but at least the scientists could be tamed and their contact with youth restricted by confining them to the institutes of the Academy and preventing them from teaching at universities. Terror played a large part in making the system work, but the cover of ideology successfully concealed the underlying coercion and fear. The system was comprehensive, isolated from the outside world and rigid. But the gap between the actual state of affairs and its official interpretation was wide enough to qualify it as a case of static disequilibrium.

It is a testimony to Stalin's genius that the system survived him by some 35 years. There was a brief moment when Khrushchev revealed some of the truth about Stalin, but eventually the hierarchy reasserted itself; and the twilight period began, when dogma was preserved by administrative methods, but it was no longer reinforced by a belief in its validity. Interestingly, the rigidity of the system increased even further because as long as there had been a live totalitarian at the helm the Party line could be changed at his whim. But now that flexibility was lost. At the same time the terror also abated, and a subtle process of decay set in. Every institution started to jockey for position. Since none of them enjoyed any autonomy, they had to engage in a form of barter with the other institutions. Gradually, an elaborate system of institutional bargaining replaced what was supposed to be central planning. At the same time, an informal economy developed which supplemented and filled in the gaps left by the formal system. This twilight period is what is now called the period of stagnation. The inadequacy of the system became increasingly evident and the pressure for reform mounted.

Now comes a point that needs to be emphasized: reform accelerated the process of disintegration because it introduced or legitimized alternatives while the system depended on the lack of alternatives for its survival. Economic reform enjoyed an initial period of success in every communist country with the notable exception of the Soviet Union itself. The Chinese reformers called this the Golden Period, when the existing capital stock is redirected to meet consumer needs. But eventually, when the existing capacity has been reoriented, the reform process is bound to run into difficulties because the system does not permit the economic allocation of capital.

It is understandable why this should be so. Communism was meant to be an antidote to capitalism, which had alienated the worker from the means of production. All property was taken over by the state, and the state was an embodiment of the collective interest as defined

by the Party. Thus, the Party was put in charge of the allocation of capital. This meant that capital was allocated, not on economic grounds, but on the grounds of a quasi-religious dogma. The best analogy is with the pyramid building of the Pharaohs. That is why the portion of resources devoted to investment was maximized, while the economic benefit derived from it remained at a minimum. It would also explain why investments took the form of monumental projects.

We may view the gigantic hydroelectric dams, the steel plants, the marble halls of the Moscow subway, the skyscrapers of Stalinist architecture as so many pyramids built by a modern Pharaoh. Hydroelectric plants do produce energy and steel plants do turn out steel, but if the steel and energy are used to produce more dams and steel plants, the effect on the economy is not very different from that of the construction of pyramids.

Our theory tells us that in the far-from-equilibrium conditions of a closed society there must be distortions that would be inconceivable in an open society. What better demonstration could one ask for? The Communist system attributes no value to capital or more exactly, it does not recognize the concept of property. As a result, economic activity under the Soviet system is simply not economic. To make it so, the Party must be removed from its role as the guardian and allocator of capital. It is on this point that every reform is bound to come to grief.

Interestingly, the failure of economic reforms also served to accelerate the process of disintegration because it demonstrated the need for political reforms. With the advent of *perestroika* in the Soviet Union, the process of disintegration entered into its terminal phase because the reform was primarily political and, as I mentioned before, the Golden Period was missing. As the trend in living standards started to decline, public opinion turned against the

regime, leading to a catastrophic acceleration which is culminating in the total collapse of the system.

The pattern is almost identical with the one we can observe in financial markets with one major difference: in financial markets we have observed only a process of acceleration while in the case of the Soviet system, the complete cycle consists of two phases, one which culminates in the standstill of the Stalin regime and the other which leads to a catastrophic decline.

The difference is not as great as it seems because, if we look hard enough, we can identify cases of standstill in the financial markets as well. Take the international lending boom. If we look at the history of the U.S. banking system and go back far enough, the conditions of changelessness resembling a standstill are easily located. We have to go back to the Great Depression when the banking system failed. Subsequently the banks were frozen into inactivity by regulation and it took them about 35 years to come to life.

U.S. Banks at the time were considered the stodgiest of institutions. A dull business attracted dull people and there was little movement or innovation in the industry. Bank stocks were ignored by investors. But a new breed of bankers was emerging who had been educated in business schools and thought in terms of bottom-line profits. New kinds of financial instruments were being introduced, and some banks were beginning to utilize their capital more aggressively and putting together very creditable earnings performances. But bank shares were selling at little or no premiums over asset value. Analysts were aware of this relative undervaluation but they despaired of seeing it corrected. Yet many banks had reached the point where they were pushing against the limits of what was considered prudent leverage by the standards of the time. If they wanted to continue growing, they would need to raise additional equity capital. It was against this background that the First National City Bank

hosted a dinner for security analysts—an unheard-of event in the banking industry. I was not invited but it prompted me to publish the report in which I recommended a bouquet of the more aggressively managed banks. Bank stocks did, in fact, have a good move in 1972 and we made about 50 percent on our bouquet.

Then came the first oil crisis of 1973 which prevented the banks from using their multiples to raise equity capital, and the big oil-recycling lending boom followed. Thus we can see the same full cycle consisting of two phases as in the rise and fall of the Soviet system, with the only difference that the rise of the Soviet system was the theoretical equivalent of the fall of the banking system.

The benefit of combining the experience of the Soviet system with the experience of the financial markets is that we can demonstrate that far-from-equilibrium conditions prevail at both extremes of change and changelessness. Closed society is the inverse of revolution and chaos; the difference is in the time scale but the reflexive process is the same.

The question poses itself: how can we avoid these far-from-equilibrium conditions? Or more exactly, how can we create a corrective mechanism which recognizes flaws before they become too powerful?

To give an abstract answer to an abstract question, we must ensure that a measure of separation between thinking and reality is maintained. What is taken for granted in economic theory is not in fact given. It is an illusion that needs to be deliberately preserved. Once it is recognized as an illusion or bias, the task can get awfully complicated.

Take the case of the financial markets. The illusion that fundamentals and values are independent has been very helpful in fostering stability. But it is an illusion that occasionally breaks down. Since the breakdowns tend to be associated with the use of credit, they can be quite devastating. To prevent them, some kind of regulation is necessary. But regulators also operate with a bias which tends to be more rigid than the bias of market participants.

Therefore, regulation also breaks down, or, alternatively, the regulators need to be regulated by a political process. Perhaps the best way to keep the bias of the regulators within tolerable bounds is to force them to interact with the market. That is what central bankers have to do, and on balance, they provide the most efficient form of market regulation. Their presence leads to a sort of cat- and-mouse game which can get ever more sophisticated.

In politics the solution is to be found in a democratic form of government, but democracy is not enough. It needs to be supported by a belief in democracy and a willingness to place the survival of the system above the self-interest of the participant. The survival of the system cannot be taken for granted because it is inherently flawed. Stability requires a separation between fundamentals and values while the political system is characterized by a lack of separation.

3.4. Early Signs of Crisis within the CPSU

The emergence of the systemic crisis in the Communist Party of the Soviet Union (CPSU) was originally rooted in expansion of the Nomonklatura system, which transformed a revolutionary vanguard into a self-serving administrative caste. This elite enjoyed exclusive access to the restricted consumer goods, specialized medical clinics and luxury cottages for creating visible socio-economic stratification that betrayed the egalitarian foundation of Marxist-Leninist doctrine. By the Brezhnev era, this stratification hardened into Great Stagnation characterized by total lack of staff turnover. Promotion based on sycophancy rather than merit led to gerontocracy where Politburo members remained in power until death, rendering party apparatus physically and intellectually incapable of addressing modernizing pressures of the late 20th century.

Institutional paralysis grew as parallel structures of party and state ministries engaged in "departmentalism," a form of bureaucratic tribalism where competing agencies hoarded resources and falsified production statistics to meet central planning quotas. This structural

rot extended to agricultural management, where CPSU's inability to incentivize collective farmers led to chronic food shortages. By the early 1970s, the Soviet Union, once the breadbasket of Europe was forced to spend precious hard currency reserves on massive grain imports from the United States, signaling fundamental failure of the party's command economy. This economic dysfunction gave rise to "Second Economy" or black market, which local party secretaries often protected in exchange for kickbacks, effectively decentralizing corruption and weakening Moscow's vertical authority.

Ideological erosion manifested as pervasive cynicism among Soviet citizens and rank-and-file party members alike. Marxism-Leninism shifted from living philosophy to hollow ritual performed for career advancement. Growth of Samizdat (clandestine self-publishing) and increasing accessibility of Western radio broadcasts punctured party's information monopoly, exposing urban intelligentsia to systemic failures and higher living standards abroad. Failure of Yuri Andropov's brief 1982–1984 campaign to restore labor discipline through police raids on cinemas and bathhouses proved that coercion could no longer substitute for genuine economic incentives or ideological conviction. Party had lost its "moral right" to lead, according to contemporary critics, leaving it brittle and vulnerable to centrifugal forces of nationalism.Regional fragmentation further destabilized CPSU as republican first secretaries in Central Asia, Caucasus, and Baltics built autonomous patronage networks that prioritized local ethnic interests over central directives. These "local fiefdoms" operated with significant independence, often ignoring Moscow's social and economic reforms to maintain stability within their own borders. Rise of Polish Solidarity movement in 1980 acted as external catalyst, demonstrating that independent labor unions could successfully challenge communist monopoly on power. This combination of internal administrative decay, loss of ideological fervor, and rising regionalism ensured that by time

Mikhail Gorbachev attempted radical restructuring through Perestroika, the party's internal cohesion had already dissolved beyond point of recovery.

3.5. External Pressures Linked to the Cold War

Relations between the Soviet Union and the United States were driven by a complex interplay of ideological, political, and economic factors, which led to shifts between cautious cooperation and often bitter superpower rivalry over the years. The distinct differences in the political systems of the two countries often prevented them from reaching a mutual understanding on key policy issues and even, as in the case of the Cuban missile crisis, brought them to the brink of war.

The United States government was initially hostile to the Soviet leaders for taking Russia out of World War I and was opposed to a state ideologically based on communism. Although the United States embarked on a famine relief program in the Soviet Union in the early 1920s and American businessmen established commercial ties there during the period of the New Economic Policy (1921–29), the two countries did not establish diplomatic relations until 1933. By that time, the totalitarian nature of Joseph Stalin's regime presented an insurmountable obstacle to friendly relations with the West. Although World War II brought the two countries into alliance, based on the common aim of defeating Nazi Germany, the Soviet Union's aggressive, antidemocratic policy toward Eastern Europe had created tensions even before the war ended.

The Soviet Union and the United States stayed far apart during the next three decades of superpower conflict and the nuclear and missile arms race. Beginning in the early 1970s, the Soviet regime proclaimed a policy of détente and sought increased economic cooperation and disarmament negotiations with the West. However, the Soviet stance on human rights and its invasion of Afghanistan in 1979 created new tensions between the two countries. These tensions continued to exist until the dramatic democratic changes of 1989–91 led to the

collapse during this past year of the Communist system and opened the way for an unprecedented new friendship between the United States and Russia, as well as the other new nations of the former Soviet Union..

During the 1920s and early 1930s, tensions between the Soviet Union and the West eased somewhat, particularly in the area of economic cooperation. Following their consolidation of political power, the Bolsheviks faced the same economic challenge as had the government ministers of the tsarist regime: how to efficiently organize the vast natural and human resources of the Soviet Union. The economic situation was made even more difficult by the immense social and economic dislocation caused by World War I, the revolutions of 1917, and the Civil War of 1918–21.

As factories stood idle and famine raged in the countryside, Vladimir Lenin instituted the New Economic Policy (NEP) in 1921 to infuse energy and direction into the fledgling Communist- controlled economy. NEP retreated from Communist orthodoxy and opened up the Soviet monolith economically.

For a variety of reasons—compassion for the sufferings of the Soviet peoples, sympathy for the great “socialist experiment,” but primarily for the pursuit of profit—Western businessmen and diplomats began opening contacts with the Soviet Union. Among these persons were Averell Harriman, Armand Hammer, and Henry Ford, who sold tractors to the Soviet Union. Such endeavors facilitated commercial ties between the Soviet Union and the United States, establishing the basis for further cooperation, dialogue, and diplomatic relations between the two countries. This era of cooperation was never solidly established, however, and it diminished as Joseph Stalin attempted to eradicate vestiges of capitalism and to make the Soviet Union economically self-sufficient.

The Soviet Communist party evolved from the Russian Social Democratic Labor Party's Bolshevik wing formed by Vladimir Lenin in 1903. Lenin believed that a well-disciplined, hierarchically organized party was necessary to lead the working class in overthrowing capitalism in Russia and the world. In November 1917, the Bolsheviks seized power in St. Petersburg (then called Petrograd) and shortly thereafter began using the term Communist to describe themselves. In March 1918, the Bolsheviks named their party the Russian Communist Party (Bolshevik). The next year, they created the Communist International (Comintern) to control the Communist movement throughout the world. After the Comintern's dissolution in 1943, the Soviet party's Central Committee continued to use Communist parties from other nations as instruments of Soviet foreign policy. Each national party was required to adhere to the Leninist principle of subordinating members and organizations unconditionally to the decisions of higher authorities.

Strongly influenced by the success of the Bolshevik Revolution, American socialists and radicals met in Chicago in 1919 to organize an American Communist party. But the Americans were so divided they created two parties instead. One group consisted primarily of relatively recent Russian and East European immigrants, who emphasized adherence to Marxist orthodoxy and proletarian revolution. The other group, dominated by native-born, somewhat more pragmatic American radicals, sought mass influence. Such conflicting goals combined with the discrepancy between Communist doctrine and American reality, kept the Communist movement in the United States a small sectarian movement.

In 1922 the Comintern forced the two American parties, which consisted of about 12,000 members, to amalgamate and to follow the party line established in Moscow. Although membership in the American party rose to about 75,000 by 1938, following the Great Depression, many members left the party after the signing of the Nazi-Soviet

Nonaggression Pact of 1939. Others left in 1956 after Nikita Khrushchev exposed some of Stalin's crimes and Soviet forces invaded Hungary. Only the hard-core members remained after such reversals of Soviet policy. The American party, a significant although never major political force in the United States, became further demoralized when Boris Yeltsin outlawed the Communist party in Russia in August 1991 and opened up the archives, revealing the continued financial as well as ideological dependency of the American Communists on the Soviet party up until its dissolution.

Despite deep-seated mistrust and hostility between the Soviet Union and the Western democracies, Nazi Germany's invasion of the Soviet Union in June 1941 created an instant alliance between the Soviets and the two greatest powers in what the Soviet leaders had long called the "imperialist camp": Britain and the United States. Three months after the invasion, the United States extended assistance to the Soviet Union through its Lend-Lease Act of March 1941. Before September 1941, trade between the United States and the Soviet Union had been conducted primarily through the Soviet Buying Commission in the United States.

Lend-Lease was the most visible sign of wartime cooperation between the United States and the Soviet Union. About $11 billion in war matériel was sent to the Soviet Union under that program. Additional assistance came from U.S. Russian War Relief (a private, nonprofit organization) and the Red Cross. About seventy percent of the aid reached the Soviet Union via the Persian Gulf through Iran; the remainder went across the Pacific to Vladivostok and across the North Atlantic to Murmansk. Lend-Lease to the Soviet Union officially ended in September 1945. Joseph Stalin never revealed to his own people the full contributions of Lend-Lease to their country's survival, but he referred to the program at the 1945 Yalta Conference saying, “Lend-Lease is one of Franklin Roosevelt's most remarkable and vital achievements in the formation of the anti-Hitler alliance.”

Lend-Lease matériel was welcomed by the Soviet Union, and President Roosevelt attached the highest priority to using it to keep the Soviet Union in the war against Germany. Nevertheless, the program did not prevent friction from developing between the Soviet Union and the other members of the anti-Hitler alliance. The Soviet Union was annoyed at what seemed to it to be a long delay by the allies in opening a “second front” of the Allied offensive against Germany. As the war in the east turned in favor of the Soviet Union, and despite the successful Allied landings in Normandy in 1944, the earlier friction intensified over irreconcilable differences about postwar aims within the anti-Axis coalition. Lend-Lease helped the Soviet Union push the Germans out of its territory and Eastern Europe, thus accelerating the end of the war. With Stalin's takeover of Eastern Europe, the wartime alliance ended, and the Cold War began.

After World War II, Joseph Stalin saw the world as divided into two camps: imperialist and capitalist regimes on the one hand, and the Communist and progressive world on the other. In 1947, President Harry Truman also spoke of two diametrically opposed systems: one free, and the other bent on subjugating other nations.

After Stalin's death, Nikita Khrushchev stated in 1956 that imperialism and capitalism could coexist without war because the Communist system had become stronger. The Geneva Summit of 1955 among Britain, France, the Soviet Union, and the United States, and the Camp David Summit of 1959 between Eisenhower and Khrushchev raised hopes of a more cooperative spirit between East and West. In 1963 the United States and the Soviet Union signed some confidence-building agreements, and in 1967 President Lyndon Johnson met with Soviet Prime Minister Aleksei Kosygin in Glassboro, New Jersey. Interspersed with such moves toward cooperation, however, were hostile acts that threatened broader conflict,

such as the Cuban missile crisis of October 1962 and the Soviet-led invasion of Czechoslovakia of 1968.

The long rule of Leonid Brezhnev (1964–1982) is now referred to in Russia as the "period of stagnation." But the Soviet stance toward the United States became less overtly hostile in the early 1970s. Negotiations between the United States and the Soviet Union resulted in summit meetings and the signing of strategic arms limitation agreements. Brezhnev proclaimed in 1973 that peaceful coexistence was the normal, permanent, and irreversible state of relations between imperialist and Communist countries, although he warned that conflict might continue in the Third World. In the late 1970s, growing internal repression and the Soviet invasion of Afghanistan led to a renewal of Cold War hostility.

Soviet views of the United States changed once again after Mikhail Gorbachev came to power in early 1985. Arms control negotiations were renewed, and President Reagan undertook a new series of summit meetings with Gorbachev that led to arms reductions and facilitated a growing sympathy even among Communist leaders for more cooperation and the rejection of a class-based, conflict-oriented view of the world.

With President Yeltsin's recognition of independence for the other republics of the former USSR and his launching of a full- scale economic reform program designed to create a market economy, Russia was pledged at last to overcoming both the imperial and the ideological legacies of the Soviet Union.

According to Nikita Khrushchev's memoirs, in May 1962 he conceived the idea of placing intermediate-range nuclear missiles in Cuba as a means of countering an emerging lead of the United States in developing and deploying strategic missiles. He also presented the scheme as a means of protecting Cuba from another United States-sponsored invasion, such as the failed attempt at the Bay of Pigs in 1961.

After obtaining Fidel Castro's approval, the Soviet Union worked quickly and secretly to build missile installations in Cuba. On October 16, President John Kennedy was shown reconnaissance photographs of Soviet missile installations under construction in Cuba. After seven days of guarded and intense debate in the United States administration, during which Soviet diplomats denied that installations for offensive missiles were being built in Cuba, President Kennedy, in a televised address on October 22, announced the discovery of the installations and proclaimed that any nuclear missile attack from Cuba would be regarded as an attack by the Soviet Union and would be responded to accordingly. He also imposed a naval quarantine on Cuba to prevent further Soviet shipments of offensive military weapons from arriving there.

During the crisis, the two sides exchanged many letters and other communications, both formal and “back channel.” Khrushchev sent letters to Kennedy on October 23 and 24 indicating the deterrent nature of the missiles in Cuba and the peaceful intentions of the Soviet Union. On October 26, Khrushchev sent Kennedy a long rambling letter seemingly proposing that the missile installations would be dismantled and personnel removed in exchange for United States assurances that it or its proxies would not invade Cuba. On October 27, another letter to Kennedy arrived from Khrushchev, suggesting that missile installations in Cuba would be dismantled if the United States dismantled its missile installations in Turkey. The American administration decided to ignore this second letter and to accept the offer outlined in the letter of October 26. Khrushchev then announced on October 28 that he would dismantle the installations and return them to the Soviet Union, expressing his trust that the United States would not invade Cuba. Further negotiations were held to implement the October 28 agreement, including a United States demand that Soviet light bombers also be removed from Cuba, and to specify the exact form and conditions of United States assurances not to invade Cuba.

4. Political Transformation

4.1. Democratization and Electoral Reforms

By far the most original aspect of the 'perestroika', the restructuring that is occurring under Gorbachev's leadership, is the explicit linking of economic reform and democratization. Gorbachev told the January 1987 plenary session of the Communist Party Central Committee that 'democracy is not simply a slogan; it is the very essence of the perestroika. Except perhaps for the 'Prague Spring' of 1968 (and even here this was very much the work of forces from below), no other attempt at economic reform in the Soviet bloc has envisaged real change in the political system, characterized by the monopoly of power in the hands of the party-state bureaucracy. The opposite is actually closer to the truth: previous reforms were conceived largely with a view to averting pressures for political change.,

The prime motive behind the perestroika is, of course, the need to improve economic performance. The Soviet leadership has recognized that the existing system of economic planning and management, the hypercentralized 'command system', originally established under Stalin at the end of the 1920s, is the basic cause of the economy's increasingly poor performance. This system, despite its terrible wastefulness of human and material resources, did succeed in rapidly industrializing the backward, overwhelmingly peasant society that the revolution had inherited from Tsarism. But it has long since become an obstacle to further progress.

In the 'command system', the vision, if not necessarily the actual practice, is that of a single immense enterprise in which the main lines of dependence, bargaining, and circulation of information are vertical. Material resources are allocated by the centre, which also fixes obligatory production targets for the enterprises. This is a system that encourages waste, gives priority to quantity over quality, holds back technological innovation and fails to adequately motivate the labour force.

What is the relationship between this economic reform and democratization? The January 1987 issue of the Soviet journal EKO (Economy and the Organization of Production), published in the academic centre of Novosibirsk, carried an article entitled 'The Fa~ade and Kitchen of the "Great" Reform', under the rubrique 'Pages from History'. Its author, economist G. Popov, analyzes the process, as well as the causes for the failure, of the emancipation of the serfs by Tsar Alexander I1 in 1861. He begins with a quote from Lenin: '1861 gave birth to 1905', ie. the failed reform was a central cause of the revolution. In explaining the failure, Popov cites the nineteenth-century revolutionary, Nikolai Chernyshevskyi: out of economic and military necessity, 'the state was forced to undertake a programme which was foreign to it, a programme based upon principles that contradicted the very nature of that state'.' And he concludes by citing Lenin's own conclusions:

> The main lesson and the main experience to be drawn from the reform, according to Lenin, was the need to mobilize a movement of the masses. It was necessary to seek out that social force that was most interested in the most progressive variant of the transformations. . . to arouse it and to base the reform on its support. . . 'Reforms carried out by feudal landowners cannot help but be feudal in nature.

Strikingly similar conclusions, based upon Hungary's twenty years of experimentation with the 'market reform', have recently been published by another Soviet bloc economist, Janos Kornai, who argues that the move away from the 'command economy' to the 'regulated market', has been realized only to a limited extent. In the state sector of the economy, by far the dominant one, 'vertical dependence on a superior bureaucracy dominates horizontal dependence on the market'.' And while even the partial change that has taken place has resulted in greater responsiveness to demand and more attention to quality and technological progress, the main improvements in the economy's performance are the result of liberalized policy in the co-operative and private sectors. However, in this area, it is important to note the

role played by a significantly extended work day: 'In a large number of families, members are working to the point of physical and psychological exhaustion.

There is, of course, a certain amount of illogic and/or bad faith in these reports of bureaucratic opposition to reform. For as long as the overall structure of the economy remains basically unchanged, the net effect of these partial reforms (which Gorbachev himself qualified as 'insignificant and not radical' in his speech to the June 1987 Central Committee plenum) is often merely to make life more difficult for administrators in fulfilling their assigned tasks. These attacks reflect the contradictory nature of the reform process, which is far from clearly worked out.

At the same time, however, the harsh criticism of 'bureaucratism' and 'the bureaucracy' is aimed at softening up real and potential political opposition. For there are indeed basic interests, common to broad strata of the 'administrative class', that are threatened by the reform. And although its members are not organized politically to defend these interests," they nevertheless constitute the critical source of opposition to the perestroika and, in a crisis at the higher levels, they would have little trouble finding vigorous defenders amongst a certain part of the politburo.

The most fundamental interest is job security: in the bureaucratic system, privilege flows not from property but from administrative office. The vast personnel changes that have so far marked Gorbachev's tenure and the renewed emphasis on performance have already put into question what in practice had become a right under Brezhnev. (The establishment of this 'right' goes far to explain the unprecedented spread of official corruption under the latter's rule.) But the economic reform, if carried through at all consistently, would also bring severe cuts in the size of administrative staff. These would affect, first of all, the very numerous middle levels of the economic bureaucracy-the dozens of industrial branch ministries and state committees. These people would not only have to re-train, suffering in the process loss

of power, prestige and income, but many, if not most, would have to leave the capital. This would perhaps be the most cruel blow of all in a country where the material and cultural abyss between the capital (and to a lesser extent Leningrad and the larger republican capitals) and the provinces is so profound.

Another interest at stake is the nomenklatura mechanism of cadre selection. Under the reform, party apparatchiki and higher economic administrators stand to lose at least a good part of their power to appoint managers. This is a necessary measure if managers are to be more interested in efficiency than in pleasing superiors. (At the same time, it is not at all clear even that most enterprise managers would welcome this, as they are used to the old system, which despite its pressures, may often seem more secure to them.)

The power of appointment . has been a crucial instrument for the con- * struction of power bases and the accompanying accumulation of privilege and it will not be conceded easily. The resolution adopted by the January plenum, convened specifically to discuss and reform cadre policy, did not take up, except in the most general way, Gorbachev's proposals for the election of party officials, which included a secret ballot and multiple candidates." For the time being at least, this can be taken as tantamount to their rejection. (Similar proposals played a central role in Khrushchev's downfall.) Gorbachev did not hide the fact that the reparation of the plenum, postponed three times, had been very difficult.

The (at least partial) replacement of appointment from above with election from below, along with the accompanying freedom to publicly criticize officials without fear of retribution, point toward an end to the unfettered exercise of power. And this, in turn, inevitably entails an attack on bureaucratic privilege. This is so because these privileges in Soviet-type systems have never secured legitimate status (Soviet Marxism, the official ideology, despite its bastardization, still retains its basically democratic and egalitarian character) but take the form of an abuse of power. This theme, too, has become prominent in

the press. In February, Moskovskaya pravda published a probing report on the capital's special foreign language schools. These, it was stated, cater almost exclusively for the bureaucratic elite.

This expost of 'these breeding grounds of the gentry', as one reader put it, could not help but raise the more general issue of bureaucratic privilege. Among the dozens of letters the paper received, a common theme stood out: 'A system has taken shape of by no means inoffensive health, recreational, trade and service institutions that are. . . the domain of the chosen few-a system that is very convenient for the high-ranking officials themselves, and especially for their entourage.

The question poses itself in the following manner,' Gorbachev told the Trades Union Congress in February 1987, 'either democratization or social inertia and conservatism. There is no third way. In thus intimately tying economic reform to democratization, Gorbachev indeed appears to have concluded that if his regime continues to lean upon the bureaucracy as its principal basis of power, the reform is doomed. The transformation of the social basis of the state is the only genuine meaning of democratization. If it were to occur, it would amount to a revolution.

Admittedly, the Soviet system is a highly contradictory one, and the bureaucracy, as Trotsky and other Marxists have argued, is not a class in the historical sense of the term. But if one were to accept Smirnov's conclusions, why speak of revolution rather than reform? Smirnov, writing in the authoritative central organ of the party, was expressing the current official position. For the same ambiguity is often characteristic of Gorbachev's own pronouncements on this theme. After going on for hours at the January plenum about the absolute necessity of democracy, he reassured the assembly (a gathering of the leading figures of the bureaucracy) that 'it is not a question, of course, of any break whatsoever in our political system'. One can ask: was he speaking of the political system as it is officially

portrayed or of the system as it really functions? For surely one cannot breathe life into the former without destroying the latter.

In the 'totalitarian' vision of Soviet society, a vision that is perhaps undergoing change but which still predominates in the West, the workers are atomized and totally dominated by the absolute state. The reality, however, is much more complex. Freedom of association has indeed been in practice absent in the Soviet Union (though one should be wary of exaggerating its practical significance for workers in the capitalist states). But Soviet workers are far from atomized, at least on the workshop level, where they possess certain rights and means that allow them to defend their most immediate material interests.

There is, first of all, full employment-or rather, the scarcity of labour (despite local pockets of surplus)." Article 40 of the 1977 constitution affirms the right of citizens to work.30 However, the real force of this provision is difficult to assess directly because the 'command economy' tends to maintain a chronic labour shortage. The sum of enterprise labourforce plans has regularly exceeded the aggregate labour-force plan for the entire economy (both before and after corrections). To the Soviet manager, this extra labour is without cost. Rather, the opposite is true. It offers many advantages: management's incentive funds grow in proportion to the size of the wage fund, and the extra workers make it easier to meet plan targets in face of the irregular working of the material supply system, the resulting arrhythmic pace of work, and the periodic commandeering of the enterprise's workers by outside authorities to help out elsewhere in the economy, in agriculture, construction, vegetable and fruit depots, etc., the so-called 'sponsor's jobs' (shefskie raboty).

A second characteristic of the 'command system' is the basis of common interest-or, more precisely, collusion-that it creates between workers and enterprise management in the face of pressures from the central authorities. The Soviet enterprise is very different from the capitalist one, where management seeks to maximize profit by intensifying the exploitation of

the labour force, ie. by keeping wages low and speeding up work. This is a management interest that workers under capitalism are able to verify every day of their working lives. Soviet workers, on the other hand, tend to have a much more ambivalent attitude toward management. While they do see management (and, to a lesser extent, technical personnel) as a group apart, this division is only partly based upon perceived conflicts of interest, ie. discrimination in favour of managerial and technical personnel in the allocation of social benefits (eg. subsidized vacations, apartments) and occasional arbitrary treatment of workers (eg. by assignment to 'less profitable' jobs, forced overtime) etc. But for the Soviet worker, at least as important a difference lies in the nature of their work, which is dirty, physically demanding and performed standing, while the 'white shirts', as they are called, sit at their desks in clean offices, sipping their ever-present tea. Workers often express the view that, 'those people do not work'.

The economic reform, if introduced in a more or less consistent manner, would thus transform the workers' situation. The enterprise directors, subject to the pressure of market forces, would be motivated to produce more efficiently. A principal means to this end would be to economize on labour costs. Enterprise rights in setting wages would be significantly broadened. Wages would be tied much more closely to concrete results and to the performance of the enterprise, and wage differentials would widen accordingly. Price subsidies and other aspects of the social wages would be drastically reduced relative to wage income. The chronic shortage of labour would end. There is also talk of the appearance of unemployment, though for the foreseeable future this would probably be only of an episodic and local nature. More significant would be the loss of job security. Many workers would be forced to re-train and to move. A law soon to be adopted provides for three-months average national wage for workers forced to seek new employment.

In the press and scientific literature, these measures are often discussed under the rubrique of 'social justice'. Thus, for example, the general changes listed above were advocated in an article by the eminent sociologist, Tatyana Zaslavskaya, entitled 'The Human Factor and Social Justice', published in the November 1986 issue of Kommunist, the theoretical journal of the CPSU. In these discussions, 'social justice' tends to be given a particular meaning: if worker A produces better results than worker B, worker A's real income should be higher. This, so it is argued, is generally not the case at present.

The goals of the reforms can only be popular control of the economy, socialist democracy. These have been the spontaneous aims of every worker mobilization in the so-called socialist countries to date. The historic importance of Gorbachev is that he has re-opened, from the top, the prospect of qualitative change in the Soviet Union. He concluded his speech at the January 1987 plenum with the following words:

> We want to make our country into a highly developed society with the most advanced economy, with the broadest democracy; the most human and moral society, where the working person will feel himself master, where he will be able to enjoy all the material and spiritual advantages, where the future of his children will be assured, where he will have at his disposal all that is necessary for a complete and rich life. . . So that even the skeptics will be forced to say: Yes, socialism is a system that serves the well-being of people, their social and economic interests, and their spiritual development.

4.2. Decline of One-Party Dominance

At the 28–30 January Central Committee plenum, Gorbachev suggested a new policy of *demokratizatsiya*, or "democratization", throughout Soviet society. He proposed that future Communist Party elections should offer a choice between multiple candidates, elected by secret ballot. However, the party delegates at the Plenum watered down Gorbachev's proposal, and democratic choice within the Communist Party was never significantly implemented.

Gorbachev also radically expanded the scope of *glasnost,* and stated that no subject was off limits for open discussion in the media. On 7 February, dozens of political prisoners were freed in the first group release since the Khrushchev thaw in the mid-1950s.

On 10 September, Boris Yeltsin wrote a letter of resignation to Gorbachev. At the 27 October plenary meeting of the Central Committee, Yeltsin, frustrated that Gorbachev had not addressed any of the issues outlined in his resignation letter, criticized the slow pace of reform, and servility to the general secretary. In his reply, Gorbachev accused Yeltsin of "political immaturity" and "absolute irresponsibility".

Nevertheless, news of Yeltsin's insubordination and "secret speech" spread, and soon *samizdat* versions began to circulate. That marked the beginning of Yeltsin's rebranding as a rebel and rise in popularity as an anti-establishment figure. The following four years of political struggle between Yeltsin and Gorbachev played a large role in the dissolution of the Soviet Union. On 11 November, Yeltsin was fired from the post of First Secretary of the Moscow City Committee of the Communist Party of the Soviet Union.

4.3. Emergence of Opposition Movements

To promote party unity, factions within the Bolshevik party were banned at the 10th Party Congress in 1921. Despite the ban, unofficial factions remained, and differing opinions continued to be voiced. The future goals of the United Opposition were expressed by multiple groups throughout the 1920s. In 1923, echoing letters that Trotsky wrote to the Central Committee during the same period, dissident party members released the "Declaration of 46," criticizing growing bureaucratization and censorship within the party. The Platform criticized the leadership structure of the party, where decisions were increasingly dictated from the top, and the influence of workers and average voters steadily decreased. Despite the efforts of the

oppositionists, Trotsky prominent among them, the 13th Party Congress condemned the opposition in May 1924. Both Zinoviev and Kamenev opposed Trotsky at this time.

The positions of Trotsky, Zinoviev and Kamenev began to come together in 1925. All three men were against Stalin and Bukharin's theory of "socialism in one country," and were increasingly opposed to the New Economic Policy, which promoted farming over heavy industry. All of them advocated for more state planning and higher industrial investment. As a natural extension of their oppositional views, Zinoviev and Kamenev both began to support increased dissent within the party and less bureaucratization, much as Trotsky had done since 1923. Lenin's widow, Nadezhda Krupskaia, also briefly lent her support to the opposition. However, there was no major organized oppositional bloc. Despite similarities in their policy, Trotsky was not actively working with Zinoviev and Kamenev in 1925, and their opposition was not coordinated. Oppositional voices boldly raised against Stalin at the Fourteenth Party Congress were easily voted down.

The grouping was proposed by the Group of 15, a small faction around Vladimir Smirnov which claimed that the Soviet Union was no longer a workers' state. They brought together Trotsky's Left Opposition and Zinoviev's New Opposition (also known as the Opposition of 1925), despite them both having many differences with the Group of 15, particularly over the question of whether the Soviet Union was still a workers' state. Many former supporters of the Workers' Opposition also joined the United Opposition.

In 1927, Trotsky and the United Opposition had argued for the expansion of industrial democracy with their joint platform which demanded majority representation of workers in trade union congresses including the All-Union Congress and an increase of non-party workers to one-third of representation in these elected organs. They also supported legal protection for worker's right to criticise such as the right to make independent proposals. According to historian Vadim Rogovin, these proposals would have developed democracy in

the sphere of production and facilitated the establishment of worker's control over economic management.

Smirnov's Group of 15 left the United Opposition soon after its formation over increasing differences between themselves and Kamenev and Zinoviev's supporters. The United Opposition quickly started agitating for a more worker-focused party, as opposed to the more peasant-focused policies surrounding the NEP, as well as for greater party democratization. They wanted a greater ability to express dissent within the party and more autonomy for workers' unions.

In May 1926, Trotsky, Zinoviev and 82 others signed a declaration denouncing Stalin's leadership. The Central Committee responded two months later with a demand that the United Opposition rescind their calls for new party leadership, which the Opposition duly refused. Their 1926 platform explicitly criticized the lack of democracy and debate permitted in the party, noting that "no resolutions anywhere are ever adopted otherwise than 'unanimously.'"

In October 1926, Stalin's supporters voted Trotsky out of the Politburo. By October 1926 Kamenev and Zinoviev had also been removed from the Politburo, and Zinoviev lost his position as head of the Comintern. Attempts by the opposition to gain broader support among Soviet citizens failed. Stalin negotiated with leaders of the United Opposition, encouraging them to accept party decisions and renounce factions in exchange for a greater ability to express their views within the party. Bukharin, similarly, invited members of the United Opposition to swear off factions and ask the party for forgiveness. Many members of the United Opposition, accepting the compromise or fearing the consequences of continuing the fight, duly apologized and recommitted themselves against factionalism. Many supporters of Kamenev and Zinoviev's group, as well as most from the Workers Opposition grouping,

had left the United Opposition by mid-1927, changing sides under the growing political pressure and espousing support for Stalin.

Despite the threats and promises, much of the United Opposition continued on. In September 1927, their new official platform was released. The platform argued that capitalist influences were seeping into the country through the NEP, criticized Stalin and the Bolshevik's leadership, and bemoaned the lack of free discourse that was allowed within the party, ultimately concluding that the party was straying from true Leninism. The criticism of Stalin had grown from a more general criticism of the party leadership in 1926 to direct attacks on Stalin's abilities and dictatorial tendencies by the end of 1927.

The United Opposition also actively worked to undermine Stalin and influence the general public. Demonstrations were organized, which attracted some minor public support. In November 1927, the United Opposition held a demonstration in Red Square, Moscow, along with Vladimir Lenin's widow, Nadezhda Krupskaya. Members also illegally distributed Lenin's testament, a suppressed document of disputed authenticity in which Lenin allegedly expressed his distrust of Stalin and his support for Trotsky. Once again, this failed to attract significant support, and the Opposition remained the clear minority within the party. The police began to crack down on the United Opposition, arresting many members. Trotsky and Zinoviev lost much of their remaining influence when they were expelled from the Central Committee. The United Opposition were unable to gain the support of more than a small minority of the Communist Party, and were expelled at the Fifteenth Party Congress in December 1927 after the Congress declared United Opposition views to be incompatible with Communist Party membership.

4.4. Crisis of Legitimacy in Central Institutions

The crisis of legitimacy in USSR central institutions particularly during the 1970s-1980s, stemmed from the economic stagnation and the failure of state socialist ideals, a dilemma of performance. As elite corruption grew and economic performance declined and the Communist Party lost its ideological authority. Reforms like glasnost and competitive elections, meant to modernize the state, actually empowered opponents and accelerated the collapse culminating in the 1991 coup. There are several key factors contributing to the crisis:

The Soviet regime based its legitimacy on performance. When economic growth stalled in the 1970s-1980s, the inability of the central planning system to meet citizens' expectations for consumer goods, combined with increased lines and shortages, directly eroded its authority. The gap between the promised utopian state and the reality of a rigid, bureaucratic system led to what Alfred Meyer called the "withering away of utopia," reducing ideology to a routine that did not inspire faith.

One of the different key factors is that the nomenklatura (party elite) grew out of touch with the populace, relying on personal connections and *blat* (influence) rather than merit, which broke the social contract with citizens. While intended to revitalize the system, loosening control allowed for open criticism of the state. Holding elections (1989-1990) provided a platform for anti-Communist voices and accelerated the loss of legitimacy for the Communist party.Also central institutions lost control of outer republics, particularly in the Baltic and Caucasus regions, where nationalist movements questioned the very legitimacy of Soviet rule.

5. Economic Challenges

5.1. Inefficiencies of Central Planning

There are two fundamental ways scholars have carried out an analysis of Soviet-type economic planning. The first involves adapting standard neoclassical economic models and

theories to analyze the Soviet economic system. This paradigm stresses the importance of Pareto efficiency standard.

In contrast to this approach, scholars such as Pawel Dembinski argue that neoclassical tools are somewhat inappropriate for evaluating Soviet-type planning because they attempt to quantify and measure phenomena specific to capitalist-based economies. They contend that because standard economic models rely on assumptions not fulfilled in the Soviet system (especially the assumption of economic rationality underlying decision-making), the results obtained from a neoclassical analysis will distort the actual effects of the planning system. These other scholars proceed along a different course by trying to engage with the communist state planning system on its own terms, investigating the philosophical, historical and political influences that gave rise to the planning system whilst evaluating its economic successes and failures (theoretical and actual) with reference to those contexts.

The USSR practiced some form of central planning beginning in 1918 with War Communism until it dissolved in 1991, although the type and extent of planning was of a different nature before imperative centralized planning was introduced in the 1930s. While there were many subtleties to the various forms of economic organization the USSR employed during this 70-year time period, enough features were shared that scholars have broadly examined advantages and disadvantages of Soviet-type economic planning.

Soviet-type planning is not the same as economic planning in general as there are other theoretical models of economic planning and modern mixed economies also practice economic planning to a certain extent, but they are not subject to all of the advantages and disadvantages enumerated here. Moreover, the soviet economy and its organization endured several major changes, especially during the 1965 Soviet Economic Reform, and it can be seen in the works of Soviet economists such as Lev Gatovsky.

In his work, Revolution Betrayed, Trotsky argued that the excessive authoritarianism under Stalin had undermined the implementation of the First five-year plan. He noted that several engineers and economists who had created the plan were themselves later put on trial as "conscious wreckers who had acted on the instructions of a foreign power". Trotsky also maintained that the disproportions and imbalances which became characteristic of Stalinist planning in the 1930s such as the underdeveloped consumer base along with the priority focus on heavy industry were due to a number of avoidable problems. He argued that the industrial drive had been enacted under more severe circumstances, several years later and in a less rational manner than the proposal originally conceived by the Left Opposition.

The unique features of the Soviet-style economy were an ideologically driven attempt to build a total economic plan for the whole society, as well as unquestioned paradigm of superiority of the state socialist system. Attempts to modify or optimize the former based on pragmatic analysis of economic outcomes were hindered by the latter. Dembinski describes the Soviet approach to Marxist economy as "quasi-religious" with economic publications by Marx and Lenin being treated as a "Scripture".

Michael Ellman describes specific features of the Soviet economic planning in economic and mathematical terms, highlighting its primarily computational challenges. The theoretical objective of the Soviet economic planning, as executed by Gosplan, was *rational* allocation of resources in a way that resulted in output of *desired* assortment of goods and services. The plan was built and executed in annual cycles: each year, a target output of specific goods were determined and using estimates of available input resources Gosplan would calculate balance sheets planning output for all factories. As the number of commodities reached hundreds of thousands, a number of aggregations and simplifications were made to facilitate the calculations, which, until late 1960s, were performed manually.

5.2. Impact of Partial Market Reforms

The history of the Soviet economy is a history of tense interaction between centralized planning and market mechanisms. From the earliest days of the Soviet regime, there were fluctuations between centralization and decentralization, between administrative pressure and market incentives. These fluctuations occurred in theoretical and ideological discussions as well as in economic policy. Just after the Bolsheviks seized power at the turn of 1917–1918, attempts were already made to implement two essentially opposite models of further development: workers' control over enterprises operating to some degree independently, on the one hand, and nationalization of enterprises with their subordination to a single authority, on the other. The Civil War pushed the authorities toward accelerated nationalization and centralization, but even in those conditions, there were discussions among supporters of the administrative model of "war communism" and supporters of decentralization and labor democracy.

Discussions were held at both the expert and political levels. In 1918–1920, attention was drawn to the conflict among the interests of workers (labor collectives), the entire public sector, and the state. Two opposing mechanisms for solving this problem were proposed: through the democratization and decentralization of production organization, or by ensuring strict and consistent centralization of economic management through the rapid elimination of market institutions and the organization of the national economy according to the principle of "a single factory working like clockwork" (Lenin, 1967–1975, Vol. 33, p. 101). Political discussions were particularly heated within the ruling Bolshevik Party in 1920–1921, primarily in the context of Lenin's struggle against the "Workers' Opposition" (Alexander Shlyapnikov, Alexandra Kollontai), which advocated transferring control of the national economy to trade unions.

The following quote from Lev Kritsman most vividly reflected the idea of strict centralization: “In a modern enterprise, people dressed in blue are lost among a crowd of harsh machines that never stop for a second... A planned public economy is a single enterprise. And because it is gigantic and complex, it is especially necessary to pay attention to the iron logic of its movement. There is no place for freedom in the realm of labor; necessity reigns supreme there”. The opposite opinion was consistently expressed by Artur Kaktyn, who emphasized the “utopian nature of the proposals of ultra-centralists” to build the entire planned economy on a rigid sectoral principle: “This is a complete abstraction of the economic process, detaching it from the surrounding economic environment, ignoring the specific significance of the latter in a rationally constructed socialist economy, and highlighting only the technical functions that make up the economic process. It is not easy to manage the same methods from a single center”. Notably, this controversy unfolded even under the conditions of “war communism” and the Soviet elite’s belief in the imminent arrival of genuine Communism.

Thus, from the very beginning of the Soviet economic system, there was a discussion about the degree of effective centralization, the possibility and necessity of individual incentives, including market incentives. Communist doctrine assumed that social organization would be non-market in nature and would eliminate the key concept of the capitalist system — its basic cell: the commodity. This was precisely how Lenin understood the new social order, saying that “the dismantling of the commodity-based economy and its replacement by a communal, communist organization, where the regulator of production would not be the market, as it is now, but the producers themselves, the workers’ society itself” . However, all this was said before the seizure of power and the beginning of the “building of communism.” Now, the constraints faced by Soviet socialism pushed it toward

material incentives and commodity-money relations — even before the emergence of the concept of "market socialism."

As the Soviet economic system took shape, a natural question arose in Marxist (and, more broadly, socialist) literature about the possibility of an alternative socialist model. The result of this search was the emergence of the concept of market socialism, one of the first systematic expositions of which was the work of Oskar Lange in the 1930s. He argued that the socialist economy could be managed without prescribing the volume and structure of production and consumption, but rather by setting a certain price vector and allowing producers and consumers to operate according to market rules. Lange analyzed two models of socialism: a market model, in which independent economic entities operate in a free labor market, and a planned market model, in which market prices and consumer freedom of choice were allowed, but the proportions of production and distribution were set based on calculated prices and the preference scale of the planning authority. Although the concept of market socialism was taboo in the USSR, the problems of optimizing the Soviet model and stimulating its effectiveness were discussed in this logic, using the terminology of "the use of commodity-money relations," and later (from the 1970s) as "improvement of the socialist economic mechanism."

Parallel to the search for market institutions in the Soviet-type economy, negative, anti-market attitudes also developed. The criticism was based on the understanding of the "correct" socialist economy as a centrally managed economy, the most consistent implementation of which was "war communism" in 1918–1920 or the Stalinist model of the 1930s and 1940s. Market-type reforms were considered theoretically flawed and politically dangerous (if not hostile). Criticizing market socialism, Maurice Dobb warned that "the diffusion of markets instead of solving the instability problems of the centrally planned

economy transforms them into those typical of capitalist economies". In essence, Joseph Stalin said the same. This position persisted in the future.

Another important issue raised in the analysis of the economic and political trends of Soviet socialism was the Soviet economic cycle. This applied both to fluctuations in investment activity and to fluctuations in economic policy between tendencies toward centralization and decentralization (liberalization). Here the question was no longer about the fundamental possibility and expediency of market incentives, but about the causes of such fluctuations. These causes were seen both in external shocks and in the specific features of a planned economy.

A particular source of the Soviet economic cycle was also seen in the peculiarities of political processes in a closed, undemocratic system. It was assumed that political factors influenced the cycles in a socialist economy, since new leaders, as a rule, tried to strengthen their legitimacy by expanding the consumer sector, which, however, proved to be short-lived, after which there was a return to the standard emphasis on industrial accumulation — or, as Soviet textbooks wrote, to the preferential growth of the means of production relative to consumer goods output.

The initial goal of all three reforms was to bring the Soviet system out of crisis, give it momentum, and ultimately ensure its long-term stability. The need to strengthen the country's international position and successfully compete (politically, economically, and ideologically) with the capitalist world also played an important role. By the time the decision to implement reforms was made, crises were clearly evident, although they varied greatly in nature and scale.

In 1921, it was a matter of preserving the whole Soviet system and even the physical survival of the Bolshevik leadership. The reality of this problem was clearly signaled by the

peasant uprisings of 1920–1921 and the mutiny of the Baltic Fleet in 1921. Having won the Civil War, the government had to find a way out of total devastation and famine. It was clear that political directives would not solve the problem. A radical shift in economic policy was needed.

In the mid-1960s, problems with people's welfare were growing, threatening political destabilization. The country, traditionally a major exporter of grain, became a net importer for the first time in 1962. Rising prices for basic foodstuffs led to open workers' protests in the city of Novocherkassk, brutally suppressed by force. This happened in June 1962, and in September an article by Liberman (1962b) in *Pravda* launched an unprecedented discussion about the need for profound economic reforms with an obvious market focus.

Finally, in the 1980s, the slowdown in economic growth and the growing commodity deficit, coupled with a significant decline in export revenues amid high dependence on imports of both consumer and investment goods, became the triggers for perestroika.

Of course, the objectives of the three reforms were not entirely identical. The NEP was perceived as a policy that would allow Soviet power (the "proletarian dictatorship") to be preserved until the proletarian revolution triumphed in developed countries. Lenin spoke about this quite clearly: "The NEP is a retreat; we have gone further than we could hold," but this "agreement with the peasantry can save the socialist revolution in Russia until the revolution comes in other countries" Later, after the defeat of the Communist uprising in Germany, this goal was transformed into the task of "building the foundations of socialism in a single country" until the global victory of socialism, which would become possible after the implementation of socialist revolutions in the "advanced capitalist countries". In this situation, the market was seen as a concession in the absence of a fully fledged global system of socialism (communism).

To solve this strategic task, an institutional system was formed, which, as its authors believed, was needed for dynamic development in a capitalist environment. These were, first and foremost, the commanding heights in industry, national planning, and the political monopoly of the Communist Party.

The Kosygin reform was aimed at overcoming economic difficulties resulting from the exhaustion of the forced industrialization model. The gradual economic slowdown in the decade preceding 1965, coupled with the transformation of the USSR into a net importer of grain, brought about painful economic and political problems, which, however, at that time were not yet systemic in nature, as Soviet technological and military successes were quite obvious. The political elite of the West considered quite seriously Soviet intentions to surpass Western economic development, and many developing countries sincerely saw it as a model for emulation and alliance.

In 1959, during a hearing before the US Congress, long-time CIA Director Allen Dulles warned: "If the Soviet industrial growth rate persists at eight or nine percent per annum over the next decade, as is forecast, the gap between our two economies... will be dangerously narrowed". And after the collapse of the Soviet system, summing up the experience of socialism, Paul Krugman noted: "It is therefore a shock to browse through, say, issues of Foreign Affairs from the mid-1950s through the early 1960s and discover that at least one article a year dealt with the implications of growing Soviet industrial might".

In such a situation, the difficulties of the Soviet economy were regarded as "growing pains," and the way to overcome them was seen as cautious reforms without significant political and ideological changes. As Kosygin said, a combination of "centralized planned management with economic initiative on the part of enterprises and collectives, with the strengthening of economic levers and material incentives for the development of production,

with full *khozraschet* [economic calculation]" was required, but while maintaining "the leading role of centralized planning in the development of our economy; deviation from this principle would inevitably lead to the loss of the advantages of a planned socialist economy". It was also assumed that the role of the Communist Party in enterprises would be strengthened.

The reforms of the 1980s took place in a situation of obvious lagging behind the developed countries. For the first time, there was a growing understanding of defeat in the new technological stage of competition with the capitalist countries. Neither in the 1920s nor in the 1960s was there such an understanding. This was due to political and ideological reasons in the 1920s (victory in the Civil War and foreign intervention, the spread of communist and workers' parties throughout the world) and military and technological factors in the 1960s (industrialization and growth rates, victory in World War II, nuclear weapons, the space race, the emergence of the socialist camp, and decolonization under socialist slogans) — the Soviet system was perceived as fundamentally the most advanced, albeit with some shortcomings. In the 1980s, the situation had changed radically.

The global era of industrialization, with its consolidation of production and centralization of management, was coming to an end. The time had come for flexibility, both in technology and in management models. In the post-industrial world, the mechanisms of economic policy changed significantly. The priorities of the state became to stimulate innovation and to create favorable institutional, social, and infrastructural conditions for dynamic development.

Liberal economic reforms gave momentum to the economies of the West, while the Soviet growth rate declined. The question of "catching up and overtaking" lost its relevance, which was understood both in the USSR and in the West. The technological lag behind

capitalist countries (market democracies) was increasingly noticeable. Commodity shortages (deficit) became widespread.

The fall in world hydrocarbon prices in the first half of the 1980s, on which the social and economic situation of the USSR was heavily dependent,18 and the intensification of the costly arms race exacerbated the economic situation. The sharp decline in energy prices made it difficult for the Soviet Union to purchase imported grain and food, which accounted for a large share of its oil and gas export revenues. Moreover, purchases had to increase: while 40.1 million tons of grain were imported in 1982, by 1985 this figure had risen to 46.3 million tons. The catastrophic situation in agriculture was recognized by the Soviet leadership, as evidenced by the Protocol Resolution of the Politburo of the CPSU Central Committee of September 2, 1982, "On the development of grain farming," classified "top secret".

However, the Soviet political elite largely retained its illusions about the "historical advantages of socialism," and this led to a much more ambitious task than in the mid-1960s: the modernization of the Soviet system, considering new technological realities and global trends. The initiators and leaders of perestroika, wishing to improve rather than dismantle socialism, modernize and accelerate the economy without abandoning the stereotypes of Soviet socialism, attempted to combine the approaches of the NEP and Yugoslav market socialism, which combined collective ownership with markets, decentralization, and workers' self-management.

5.3. Shortages, Inflation and Declining Living Standards

By artificially fixing prices and repressing inflation, the Soviet system of price controls created persistent shortages of food and consumer goods. The price control system was established after Stalin decided to do away with the New Economic Policy in 1928 and

remained in place as long as the Soviet Union existed. Before and during the Second World War, the Soviet economy suffered from both open inflation, as official prices in state stores increased a moderate rate every year, but market prices in collective farm markets increased even faster. Both types of inflation were eradicated in 1947 with a currency reform, but only open inflation was conquered for long. For the rest of the post-war era, prices in state stores and co-operatives were strictly controlled and subsidized, so they changed very little until the late 1980s. This caused the economy to suffer from repressed inflation, which can be defined as rising excess demand that leads to excess liquid assets in the hands of the population instead of higher prices. Because production was controlled by political authorities, rising demand did not lead to a greater supply, and shortages were pervasive in the Soviet economy. As a result, the standard of living in the Soviet Union was far below what it was in the West.

Despite the government‟s efforts, prices were set mostly by market forces during the early 1920s. In 1921, when NEP began, the Bolsheviks established a Prices Committee under the Commissariat of Finance. This committee was given the authority to set prices for goods sold by state enterprises or purchased by the government from private sources, such as peasants. However, these attempts to control prices were largely ineffective, and traders were usually able 39 to negotiate prices themselves. Inflation was rampant during these years, and it was necessary to change prices frequently in order for them to have any meaning. A majority of retail turnover was private prior to 1924-25, which made it easier to avoid price controls. In 1923, free pricing led to what is known as the “scissors crisis.” Whereas peasants previously had favorable terms of trade with the city, this situation reversed itself as industrial prices rose much faster than agricultural. A variety of factors were responsible for this, the most important of which being that Russia‟s harvests recovered far more quickly than its industrial production. At the peak of the crisis in October 1923, industrial prices were three times higher than agricultural prices, in comparison to 1913.2 In response to the “scissors

crisis," the Soviet government began to impose stricter price controls on state and cooperative sales. Prices became easier for the government to control as private trade declined and state industry expanded in the latter half of the 1920s. This policy had predictable results that continued for the rest of Soviet history: shortages of consumer goods, long lines in front of stores, selective access to goods, and a gap between official and free prices. The goal of the controls was to lower prices for peasants in the village, but the effect was the opposite. Those who lived in cities, near the factories, were able to purchase goods at the low official prices, and the stores quickly sold out. Private traders would then transport the cheap goods they had just purchased to the villages and sell them at much higher rates, a practice that was derided as speculation. Members of cooperatives and trade unions also had greater access to goods, much as Communist Party members and others with connections later did. According to official statistics, the fiscal year of 1926-27 actually saw slight deflation, and food prices only rose by 10.5 percent by 1929. However, these figures do not take into account private food prices, which rose continuously after 1926 and more than doubled by 1929. The disparity for manufactured goods was not quite as significant, but private prices remained higher and rose faster.

After NEP ended, the Soviet government introduced a multi-tiered price system with varying degrees of price controls. In 1928-29, rationing of food and consumer goods became widespread throughout Russia. According to Alec Nove, this was "perhaps the first and only recorded instance of the introduction of rationing in time of peace. Goods were sold at the official ration prices in state stores, which required ration coupons, but other types of stores had other price levels, ranging from controlled to free. Workers were able to purchase some items from special shops that were closed to the public, where prices were higher but the workers were able to get items unavailable elsewhere. Food and manufactured goods were also sold to the working class in other stores for prices that were above rationed levels, but

below commercial prices. Other stores, known as torgsin, had goods available only in exchange for precious metals or foreign currency, which the state badly needed. Finally, prices were freely set by market forces at peasant bazaars, kolkhoz (collective farm) markets, and black markets.

Unsurprisingly, prices rose much faster where they were influenced by market forces, than in state stores, in which inflationary pressure manifested itself in shortages instead. Artificially low prices led to products selling out quickly and shelves laying barren until the next delivery. In state stores, consumers were expected to take whatever they could find and move on. These problems developed as soon the government was able to effectively enforce price controls and continued, to varying degrees, for the rest of Soviet history. Consumer demand that went unfulfilled in state stores spilled over into the tiny market sector. Because the free sector was so small in comparison to the excess demand created at state stores, market prices often had to be several times higher than official ones, in order for supply and demand to balance. For instance, commercial prices, which were set by the state but close to market rates, were twenty times higher for bread in 1933, six times higher for sugar, and fourteen times higher for sunflower oil.

Although data are somewhat limited, the chart below makes clear that the free prices at collective farm markets were usually much higher than the official prices in state stores in cooperatives. This gap between official and market prices shows that repressed inflation also became a problem very early in Soviet times. Nevertheless, there was also open inflation in state stores during this time, for two reasons. First, wage increases were higher than productivity gains, because enterprise managers tried to hire as many workers as possible in an effort to fulfill overly ambitious plan targets. This led not only to overstaffing but also higher wages as each enterprise tried to offer higher wages in order to lure workers in. Second, investments in heavy industry during the 1930s were much higher than they were for

consumer goods. Thus, many workers toiled and received their wages without creating any goods that they could purchase. Again, these problems also existed for most of the Soviet period, but authorities chose to keep inflation repressed in the post-war era.

Table 8. Soviet Price Trends, 1928-1956 (in rubles)

Year	*Basic Industrial Goods (excluding petroleum)*	*Average Annual Wage (Workers)*	*Prices in State and Co-operative Stores*	*Prices in Collective Farm Markets*
1928	100	100	100	100+
1929	98	114	-	-
1930	96	133	-	-
1931	96	160	-	630
1932	97	203 / 226*	200 / 255	3000(max) / 769
1933	100	223	400	1,500-2,000
1934	101	264	-	1,200-1,680
1935	103	323	-	900-1,470
1936	157	406	700	700+
1937	175	432	700	700+
1938	180	493	-	-
1939	201	-	840	-
1940	231	579	1000	1,780
1941	240	-	-	2,220
1942	244	-	-	13,850
1943	246	-	-	31,220
1944	249	822	-	26,335
1945	249	-	2,545	13,575
1946	249	-	3,180	-
1947	249	992	3,895	11,530
1948	249	-	3,235	4,175
1949	669	-	2,770	2,880
1950	556	-	2,215	2,770
1951	551	1,128	2,035	2,810
1952	523	1,140	1,925	3,100
1953	523	1,164	1,740	2,595
1954	523	1,190	1,640	2,855
1955	510	1,204	1,640	2,855
1956	497	1,240	1,640	2,610

*Alternative 1932 figures from Nove, 204, 206.

Source: Holzman, "Soviet Inflationary Pressures," 168-169.

Inflation started getting out of control during the Second World War. Due to the necessary war expenditures, the Soviet government started running its first budget deficits

since the stabilization under NEP and was forced to pay for some percentage of these with new currency issues. During the war, strict price controls and subsidies kept inflation in official stores limited. However, collective farm market prices began increasing much faster than they had during the 1930s and reached hyperinflationary levels during the war. After 1944, the government was able to balance its budget again and increase the supply of goods in state stores, so the rate of inflation began to decline from the peak of 1943. Nevertheless, official prices were almost four times higher in 1947 than they had been in 1940, while kolkhoz prices were six and a half times higher than 1940 levels and four times higher than state prices at the time. Thus, the Soviet economy was suffering from both high rates of both open and repressed inflation.

Inflation was wiped out in the Soviet Union with the Currency Reform of 1947. Under this reform, old rubles were mandatorily exchanged for new ones at a 10 to 1 ratio. As Franklyn Holzman argues, there were other ways that the Soviet government could have eliminated repressed inflation, such as higher prices and taxes. However, as in the First World War, higher food prices benefitted the peasants more than other groups, i.e. workers, and left more cash in their hands. Of course, Soviet leaders had always been biased against peasants and wanted to eliminate inflation at the expense of peasants, not workers. Higher prices would have been detrimental to workers, while the currency requisition and reform took purchasing power away from the peasants. The currency reform was indeed successful in getting rid of inflation for the time being. Official prices began to deflate and continued to do so until the mid-1950s. This was largely because productivity began growing faster than wages and nonconsumption expenditures fell, in contrast to the previous two decades. Collective farm market prices also fell 44 for the few years after the reform, but began to separate from official prices again after 1950. Repressed inflation was simply unavoidable as

long as price controls remained and continued to plague the Soviet economy until the collapse.

Since Stalin, Soviet leaders were determined to increase the country's economic growth, but they attempted to do so without paying attention to the laws of economics. The state controlled almost all the means of production, and most economic decisions were made by the authorities. Administrative bodies set target production goals and allocated capital and labor as they considered necessary. Planners aimed to increase output as much as possible and were not concerned with shortages on the consumer market. They distributed currency based on political considerations, without any need to repay it, essentially making money a "free good" to producers. Managers were rewarded for increasing the gross value of their output, which was calculated by adding up the cost of inputs, so they were incredibly wasteful with their resources. Inevitably, the Soviet system created "enormous disproportions, some of which had serious consequences." Its inefficiency was, however, masked by the country's abundant labor and raw materials.

After decades of rapidly growing output and living standards, the Soviet economy began to slow down around 1970, while supply and demand started to become more unbalanced. Ironically, economic stagnation began during Brezhnev's "gross output drive." Under this strategy, Soviet planners went back to the old strategy of focusing on rapid growth in heavy industry and defense, while ignoring consumption. The focus on haste and pure quantity, without consideration for the quality of products or consumers" needs, led to waste, inefficiency, and low growth rates in the long run. The growth of inputs decreased, as resources were used 45 too quickly, capital stock was allowed to age, and workers had no incentive to increase productivity. External factors, such as lower prices for exported materials also played a role. Neglecting research and development led to slow adaptation to new technologies and new products. During the 1970s, the Soviet Union's GNP growth

dropped to nearly half of what it was in the 1960s and virtually stagnated by the early 1980s. In addition, a "large and growing gap appeared between the goals of the producer and the needs of the consumer."

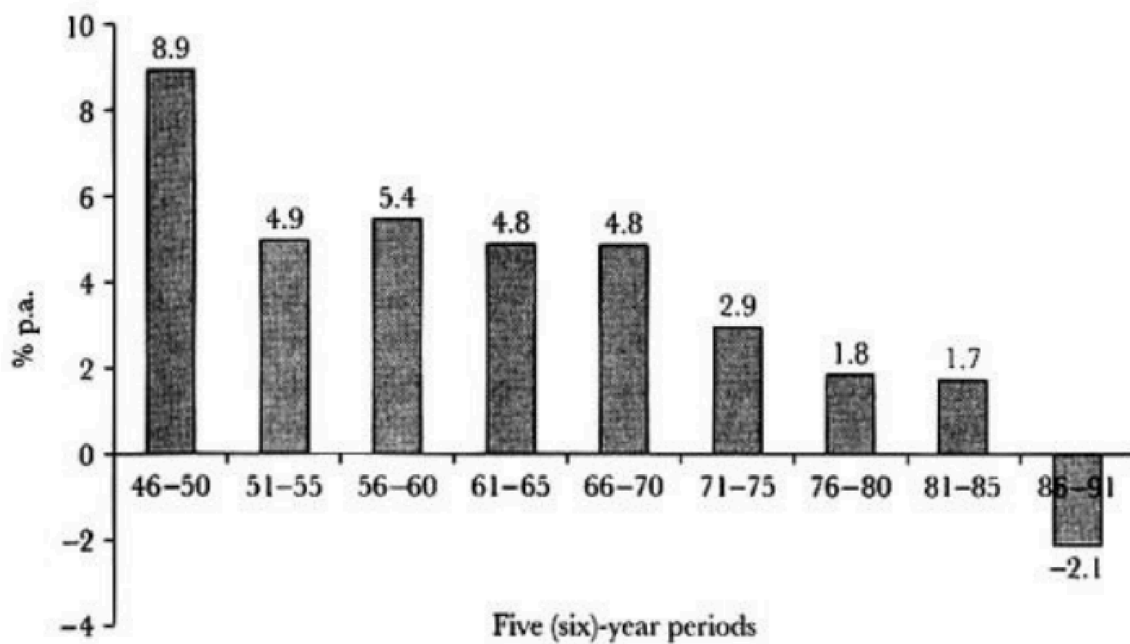


Figure 1. Soviet GNP: average annual growth rates, 1945−91

Because food prices were subsidized and the supply of consumer goods was not increased, many workers saved a portion of their incomes. Ever since raising prices on meat and butter in 1962 led to a riot in Novocherkassk, the authorities tried to avoid raising prices on basic food items. In 1965, Brezhnev‟s chief economic minister Kosygin introduced a reform that included retail price subsidies for basic foods, in order to keep their prices stable. Workers‟ wages, however, did not stay stable. In a centrally planned economy, the production sector is not 46 supposed to be part of the monetary economy. The Soviet state bank provided enterprises with credits needed for inputs, and balances remaining in accounts were wiped at the end of each year. However, the production center still contributed to monetary expansion through wage payments. Yet with food prices subsidized and shortages on the consumer market, workers chose to save part of their income.

Although many authors assume that the savings were forced, Peter Boettke argues that individuals chose to save their incomes voluntarily, with the expectation that goods would be available later. Interviews with Russians who lived through the Soviet times confirm this argument. “People save in order to consume later,” write Birman and Clarke, “so savings in general can be defined as delayed demand for consumer goods.” While some did save up thousands of rubles during the course of their life, it was done in the hopes of buying a car later or simply as a rainy day fund. Although the selection in stores was indeed bland and meager, some Russians spent their extra income on vacations or new appliances and did not amass any significant savings. Domenico Nuti has also claimed that the population could spend any extra income in the small free sector that continued to exist in the collective farms and black markets. Although this may have been true to some extent, Russians who were interviewed did not consider these sales very significant.

Since the 1970s, workers almost continuously earned more money than they spent and savings continued to grow. In the second half of the 1980s, the gap between income and spending became much larger. As a result, the percentage of income put into savings also grew. In 1980, the population saved 4.1 percent of their wages and the number continued to grow throughout the decade, reaching 13 percent by the first quarter of 1991. As demand grew from increased savings, supply did not increase accordingly, and the result was more shortages and 47 longer lines. The increase in demand should have caused prices to increase, but because prices were fixed, it instead led to repressed inflation. According to Byung-Yeon Kim, the proportion of forced savings of the total increased from 9 percent in 1965 to 42 percent in 1989. It is possible that the savings truly did become voluntary in the late 1980s as wages increased far more rapidly than they had been before, but shortages became even worse. Whether Soviet savings were forced or voluntary, savings by Soviet citizens served no

productive purpose. Rather than financing investment, as savings would in a market economy, and simply languished in bank accounts.

The growing accumulation of savings became “monetary overhang,” in economic terms, and caused a drastic increase in the Soviet money supply. The government had tried to control both consumer demand and cash holdings, but lost control over both, as a result of the 1965 reform. Producers used cash only to pay their employees, so the primary constituent of money supply was cash held by the population, including savings bank deposits and state bonds. According to Birman and Clarke, only 15-30 billion rubles were needed for cash circulation in 1985, yet the actual money supply at that time was over 200 billion rubles. By their estimates, the total money supply was an astonishing seven to ten times what was needed for regular use. The population was overpaid in relation to how few consumer items were available to buy. They became increasingly frustrated at shortages and long lines. The state could no longer increase labor productivity, its “most pressing objective,” because additional money was no longer an incentive to work harder. Consumer demand vastly exceeded supply, and the Soviet economy moved further from equilibrium.

Communism simply failed to provide the high standard of living that it promised to 48 ordinary people and never came close to matching the relative prosperity of the West. Per capita income in the Soviet Union peaked at just over one-third of United States levels, yet even this number overestimates their well-being. After all, increasing yearly output, as measured in macroeconomic statistics, does not necessarily correlate with improving conditions for the masses. This is true even for market economies, but statistics and reality were even farther apart in the command system. Both in the Five-Year-Plans and their subsequent implementation, Soviet officials prioritized allocation of resources towards defense and heavy industry over consumer goods. As Philip Hanson puts it, “If steel, say, was in shorter supply than originally planned, it was the production of bicycles that would lose

out, not that of tanks or machinetools." Estimates show that in the 1980s, about 50-55 percent of Soviet GNP went towards consumption and anywhere from 10 to 25 percent to the military, compared to 65 percent and 7 percent in the United States, respectively. Agricultural production accounted for about 30 percent of Soviet GDP, as opposed to only around 2 percent in the United States, but the Soviet collective farms were notoriously inefficient. These factors created never-ending shortages of food and consumer goods, which often meant that even if workers had money to spend, there was nothing worthwhile available for them to purchase.

The results of the central planners" priorities were telling. The Soviet military was long considered to be on par with that of the United States, with its much larger economy. The tradeoff was dismal conditions for consumers. On average, Americans and Soviets ate almost the same amount of calories per day (3300 and 3380), but the comparison ends there. A commonly used indicator of consumer living standards is the proportion of their incomes that goes to food costs. In the mid-1980s, the average Soviet spent 59 percent of his or her monthly income on food, versus only 15.2 percent for average Americans. This was even worse than in 1927, when 49 Soviet workers spent 43.8 of their income on food. The quality of Soviet diets was also much poorer. Bread and potatoes made up 46 percent of daily caloric intake, while meat and fish only accounted for 8 percent, if lard and by-products are not included. For the United States, these numbers were 22 and 20 percent, respectively. Amazingly, per capita meat consumption for the Russian/Soviet Empire was actually lower in 1985 than it was in 1913, falling from 88 kilograms annually to 62 kilograms. Fresh fruit and vegetables were only available during harvest time in the Soviet Union, and almost non-existent otherwise. Indeed, Philip Hanson states that bread, potatoes, and vodka were the only food products that were not usually in shortage.

Other basic indicators of living standards, such as housing and clothing, were no better than the food supply. Lenin had once declared that each person should get 9 square meters of housing space, and indeed, by 1989, the median allotment was estimated between 9 and 12 square meters. The corresponding figure in the United States was 55.3 square meters per person. Getting an apartment at all was usually difficult, and people had to often wait for years before one was allocated to them. Soviet consumption of textile products per person was 30 percent of U.S. levels and 97.6 percent for shoes. Although clothes and shoes were usually available in Russian stores, the selection was usually very poor. Clothing stores generally had racks of identically styled items, with perhaps two color variations. The selection of shoes was also poor, and some people called Soviet shoes "wooden" because they were uncomfortable. However, others argue that Soviet shoes were better quality and lasted longer than the cheap off-brand shoes available in the former Soviet Union today.

One of the major weaknesses of the Soviet economy was a lag in acquiring new technologies and new products, and this was reflected in the population. Soviet housing was not only smaller, but also of lower quality than in the United States. Figures from 1986 show that 80 50 percent of American homes had central heating, 75 percent were connected to sewers, and 59 percent were air-conditioned. In the Soviet Union, most apartments were heated by oldfashioned radiators, hot water was often unavailable, and air conditioning unheard-of. While 90 percent of American households had telephones, a meager 10-12 percent did in the Soviet Union, and even these were often on shared lines with neighbors.† Overall Soviet consumption of durable goods was 14 percent of the United States level. Washing and drying machines remained rare, and many Soviets continued to wash their clothes by hand and dry them on clotheslines. Televisions were as ubiquitous as in the United States, although the quality was lower, and black and white sets were not uncommon. On the other hand, the Soviet Union had only 200,000 computers in 1987, compared to 25 million in

the United States. Another of the greatest disparities was in the availability of cars, which stood around 7 percent of the U.S. levels in 1988, 55 cars for every 1000 people compared to 771 per 1000.

Finally, the best indicator of Soviet living standards may be the state of health and medical services. Medical care was guaranteed to the entire Soviet population and provided for free, but the quality was incredibly poor. Shortages extended even to hospitals and contributed to alarming health problems in the Soviet Union. In the late 1980s, one out of six hospitals lacked running water entirely, and about 30 percent were not connected to sewer lines. In 1988, the USSR minister of health estimated that, overall, there were seven to ten times fewer facilities per hospital bed than in the United States. Pharmacies were likewise affected by shortages, and it was often difficult for people to get their necessary medicines. Of course, health care in the United States was vastly more expensive, yet American consumption of medical services was still three times higher.

Another major source of health problems for Soviets was pollution in the environment. In the worst areas, health risks from pollution were estimated to be 10 to 100 times than acceptable levels in the West. For most of the Soviet era, environmental concerns were largely ignored, and the first official data on the state of the environment and associated health effects was not published until 1988. Many industries used old and inefficient machinery, and 38 percent of emission sources were not even equipped for pollution control. As a result, it has been estimated that air pollutant levels in Soviet cities were from 10 to 50 times higher than in Germany or France. Due to air pollution (and most likely, nearly ubiquitous smoking habits), rates of death from respiratory illnesses were 2.8 times higher for men and 1.7 times higher for women than in several Western countries. Improper waste disposal and the lack of sewer systems led to poor water quality and disease outbreaks. Municipal water was not adequately purified, and many Soviets continued to drink from

wells and natural flowing water, which could often become contaminated. Poor water quality led to 900,000 cases of hepatitis per years, sixteen times higher than the United States. Soviet farms continued to use the notorious pesticide DDT 20 years after it was banned in the West, and 10 percent of Soviet food samples were found to be unsafe for human consumption. The nuclear disaster at Chernobyl in 1986 was a watershed moment that caused great concern for the environment and anger at the government‟s mishandling of it.

6. Nationalism and Internal Divisions

6.1. Rise of Nationalist Movements in Republics

The collapse of the USSR cannot be solely related to nationalism. Economic stagnation, growing dissatisfaction with living standards, mass disillusion with communist ideology, and many other factors are likely to have contributed even more to the crisis of communism. Yet there is little doubt that the role of ethnic movements was extremely important. The goal of this paper is not to assess the relative contribution of ethnic movements in the fall of the communist bloc, but to demonstrate that nationalism has emerged as an unexpected outcome of the entire communist policy regarding nationality.

The main argument is as follows: Cultural nationalism is crucial for understanding the roots of political nationalism. The Soviet Union rejected any kind of assimilation policy, claiming the right (at least to some degree) for cultural and political autonomy for every nationality. The model of ethnic federalism created opportunities for the development of 'ethnic institutions'. As a result, most union and autonomous ethnic republics have shown significant progress in national and cultural development. Cultural nationalism comes prior to political nationalism, and cultural development is associated with nation building. Ethnic groups that completed the nation-building process are more likely to claim independence during a political crisis.

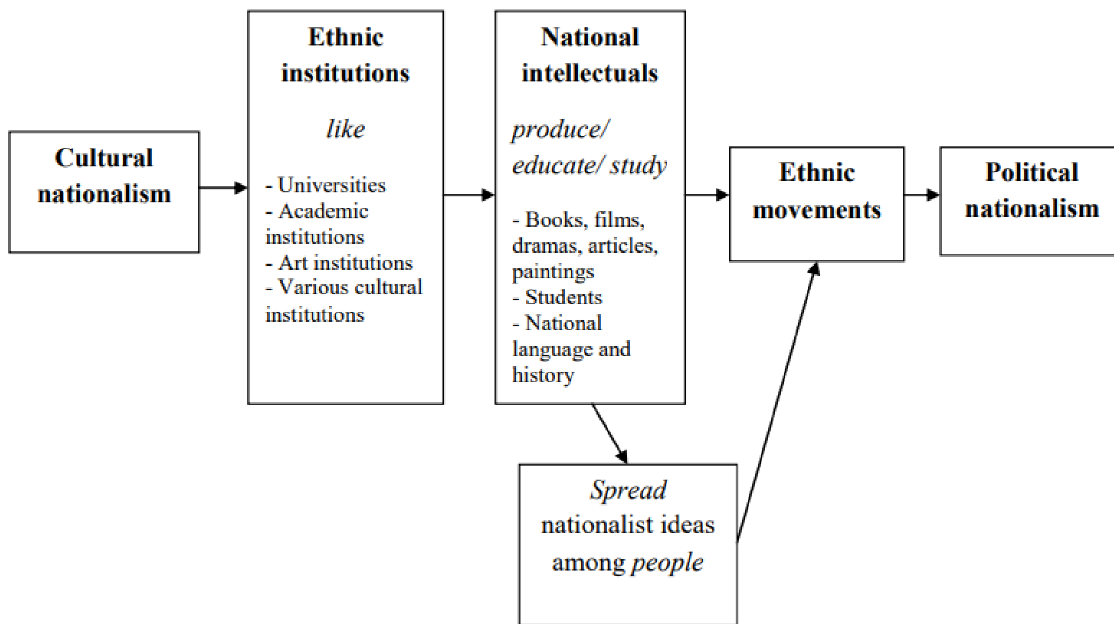
Two concepts are of crucial importance for theoretical framework, specifically those of David Laitin and Dmitry Gorenburg. In his book 'Nations, States, and Violence' (2007), Laitin argues that nationalism is a privilege of rich societies. Only rich societies may afford to invest or spend resources in inventing, maintaining, or spreading traditions, customs, beliefs, and so forth – essentially in creating the 'imagined communities' that we call nations. Gorenburg's (2001; 2003) concept is based on the division of nationalism into political nationalism and cultural nationalism.

Political nationalism (separatism) may be defined as demand for a declaration of national sovereignty and recognition of the right to national self-determination, including secession. Cultural nationalism is defined as support for a titular official language and culture, the expansion of its teaching in schools, and the introduction of a greater or lesser degree of requirements and incentives to learn the titular language by members of a non-titular nation. Gorenburg argues that the strength of political nationalism depends on the support for ethnic institutions. The level of support for ethnic institutions, in turn, heavily depends on the willingness or capacity of regional leadership to invest a sufficient amount of resources in them. In other words, nations emerge as the result of nation building (Gorenburg 2001; 2003).

Gorenburg's concept is based on the claim that the strength and success of national movements in Russian regions depended on the degree of development of ethnic institutions in these regions during the Soviet period. Ethnic institutions lead to the emergence of an educated class of national intellectuals (intelligentsia) who become the driving force of political mobilization. How does this happen? There are at least three possible explanations. Firstly, intellectuals are responsible for the creation of national identity (language, literature, culture, history, etc.). Secondly, through participating in the educational process, intellectuals create social networks among students whom they teach in universities. It is especially

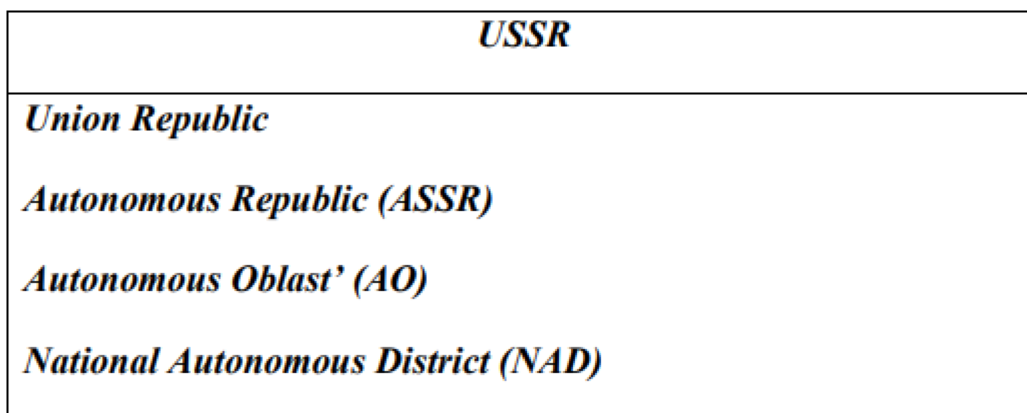
important in the case of young people who were born in rural areas and later moved to urban areas, but still retained strong links with their relatives in the countryside. Thirdly, intellectuals obtain resources that are crucial in the initial stage of political mobilization. For example, the first meetings of nationalists were held in academic institutions controlled by intellectuals. Gorenburg (2001; 2003) claims that it was the national intelligentsia who established nationalist movements in Russian ethnic republics in the late 1980s. Therefore, the emergence and strengthening of ethnic institutions is an outcome of state-led nationality policy.

The logic of cultural nationalism development assumes that support for nationalism is not equally distributed among the population (Gorenburg, 2001: 73). The national intelligentsia is a key intermediary between ethnic institutions and the rise of political nationalism. National intellectuals work in education, science, media, industry, and culture. They are responsible for the creation and distribution of national culture via books, journals, articles, paintings, films, history textbooks, lectures in universities, and classes in schools. The intended and unintended outcome of these activities is cultural nation building. When the process of nation building is accomplished and an ethnic group starts perceiving itself as a nation, political nationalism is likely to appear in the agenda. The more intellectuals society has, the more they communicate with people and spread the nationalist content they generate. To sum up, the more national intellectuals an ethnic group has, the more likely a strong ethnic movement with claims for cultural revival and greater political autonomy is.



According to Gorenburg, the level of ethnic institution development depended on the Kremlin's policies, which were based on the status of the region in the official Soviet national administrative hierarchy (Fig.2) (Gorenburg, 2001, 2003).

Fig.2. Official administrative hierarchy in the USSR.



The higher a region's status, the more investments were allocated for developing ethnic institutions. Larger investments in ethnic institutions lead to larger numbers of national intellectuals; in turn, the presence of numerous intellectuals also increases the probability that a mass ethnic movement will emerge.

The rise of nationalism could also be found in autonomous republics within the Russian Soviet Federative Socialist Republic. However, in some ethnic regions, ethnic movements were powerful and strong (such as Bashkiria, Tatarstan, Chechnya, and Yakutia), but in others they failed to recruit enough supporters and played no significant role in local politics (like in Khakassia, Karelia, and Mordovia). The early 1990s saw the peak of support for nationalist movements in many ethnic republics. Sometimes the success of ethnic movements was explained by their ability to raise issues of job security for the native population (Giuliano 2011). The development of ethnic institutions in the late Soviet period is mentioned as another reason for the mass support of nationalist movements (Gorenburg 2001, 2003). The key troublesome regions for the new Russian state were Chechnya and Tatarstan. The government fought two bloody wars in order to keep Chechnya within the Russian Federation. In the case of Tatarstan, President Yeltsin succeeded in finding a peaceful solution, having signed a few bilateral agreements on the division of powers between Moscow and Tatarstan in 1994. Why was this not done with Chechnya? Perhaps Russia's political leadership had perceived Chechens – in contrast to the 'enlightened' Tatars – as a 'backward' nation that was not worthy of negotiating and compromise (Sharafutdinova 2000). In other regions, nationalist movements succeeded to achieve either some policy changes or the incorporation of their leaders in regional administrations. By the late 1990s nationalist movements everywhere lost their influence and took a marginal part in local politics. When Putin came to power and announced his new policy of recentralizing the Russian state, ethnic movements were unable to resist in any way.

To sum up, the Soviet Union made a desperate effort to create an ethnic federation with equal rights for all constituent nations. Unsurprisingly, nationalism and nationality policy were a major source of legitimacy for the communist state. However, communist party rulers failed to create a legitimate supraethnic identity. By promoting broad cultural

autonomy as a solution, communists in fact contributed to the rise of cultural nationalist movements. When supranational identity ceased to exist, the void was filled with particularistic, exclusive ethnic identities.

6.2. Sovereignty vs Autonomy Debates

In accordance with the Soviet Union's attempts at political and economic restructuring, the Union continues the battle to keep its nation intact. All but one of the fifteen Soviet republics have formally expressed their desires to attain greater autonomy, or even independence, from Moscow, because they view perestroika as slow and unrealistic.' President Mikhail S. Gorbachev realizes that if he issued complete independence to even a few of these republics it would at least create an illusion that his perestroika is failing. Yet, his only preventive measures-the use of force or the issuance of economic sanctions-are doomed to failure in the long run. Mr. Gorbachev's best solution is to negotiate a new treaty which will allow the republics greater autonomy within a new power relationship. The demands of the republics will not likely subside until Moscow effects significant and authentic changes of this nature.

Technically, the USSR Constitution affords the republics significant rights, such as the rights to control alteration of their territorial boundaries and to enter into relations with other states. Moreover, the Constitution officially grants to the republics a constitutional right to freely secede from the Union. However, until recently, this "right" had never been asserted by any of the republics. Although the Estonian Parliament ultimately called for its independence through secession, the Parliament initially resorted to less drastic means of professing its sovereignty from Moscow. Lithuanian officials - like those in the neighboring Baltic republics, Estonia and Latvia - refuse to follow the new law, saying they were annexed in 1940 and thus are not legally bound by the Soviet Constitution. In any case, the Lithuanians

contend that the law creates so many hurdles and gives Moscow so much leverage that it would be almost impossible for a republic to secede if Moscow was bent on preventing it.

Invoking the constitutional authority of Article 76, Estonia passed a constitutional amendment in November, 1988, which demonstratively asserted the sovereignty of the republic. The amendment afforded Estonia the right to refuse to apply future Union legislation. The amendment required that all Soviet laws and acts be endorsed by the republic's parliament before they would be recognized as having the force of law in Estonia. In addition, the Estonian parliament approved a declaration which stated that its own laws had supremacy over those of the Soviet Union. In this unprecedented act of defiance, the leaders demanded a new treaty with the Kremlin. In response, Soviet authorities initially invoked Article 74 and required Estonia to revise the amendment because it varied from the USSR Constitution. Estonia's parliament then countered by affirming its right to veto laws passed in Moscow. This conflict remains unresolved, however, for Estonia has yet to utilize its new veto power. Estonia is still discontented with its illegal incorporation into the Soviet Union and, among other things, central control by Moscow over its international trade. In response, the republic initiated even bolder endeavors in its movement towards greater autonomy. In March 1990, the republic's Communist Party voted overwhelmingly to split with the national party, but decided to use a six-month transition period to avoid irritating Soviet authorities who strongly opposed the move. Just five days later, the Estonian republic's Parliament effectively declared independence from the USSR.

Top Soviet officials realize that they must exercise extreme caution when dealing with secession-minded republics. Many foreign leaders perceive that these republics are only following the 1989-90 political trend of Eastern Europe, and they would disfavor any aggressive action by Moscow which would deny these republics their inherent right of self-determination. Soviet officials must therefore provide concrete incentives for the

republics to remain as one Union. Their job will become increasingly difficult as the nation continues to experience overwhelming economic and social difficulties. The fate of perestroika will depend on their success in this endeavor. Gorbachev realizes that he cannot allow Estonia to break from the Union. He understands that his reforms will fail if Estonia secedes without punitive action from Moscow, for this would probably be followed by the rapid secession of other Soviet republics. Furthermore, Moscow covets Estonia's geographic location along the coast of the Baltic Sea. Much of the Soviet air defense system is located within this coastal area, and granting Estonia independence could significantly alter Soviet national security. The political cost to President Gorbachev of Estonian secession might be even greater than the criticisms he would encounter abroad if he chose to intervene with tanks or economic coercion.

In the hope of retaining the republics within the Union, Gorbachev has proposed a "renewed confederation" through which these republics would achieve some kind of "special status" within the USSR. These republics, though, will not sacrifice sovereignty or independence unless Moscow takes overt steps to devise and implement a genuine federal system for the USSR. The government of a genuine federal nation-state "recognizes major regional differences while also recognizing, through a general government, the need for common institutions and policies." A federal government attempts to reconcile these differences by distributing authority between one coordinate central unit and a number of provincial governments. Accordingly, under a perfect federal system, both levels of government possess the sovereign power to make certain decisions independently of the other.

Individual states that comprise federations often vary considerably in their ethnicity, language, religious beliefs, and political ideology. Despite their desires to remain segregated along cultural lines however, collections of autonomous states have yearned to be united for

"certain purposes, because of a community of outlook or the expectation of common benefits from union.

In September 1990, Gorbachev nearly complied with the republics' wishes. When faced with two competing economic reform programs-a radical proposal drafted largely by economist Stanislav Shatalin" and a moderate plan proposed by Prime Minister Nikolai I. Ryzhkov-Gorbachev publicly supported Shatalin's pro-sovereignty plan. The plan would have transferred most economic authority from the Union government to the republics. It envisioned a voluntary commonwealth of sovereign republics that would have moved at their own pace and decided which powers to delegate to Moscow. Among other things, the republics were to attain authority over foreign trade.

Ultimately, though, Gorbachev was not willing to risk the degree of shock therapy and the surrender of economic control embodied in Shatalin's plan. Instead of forwarding much-needed sovereignty to the republics, he sought to soften the radical plan by keeping the authority over taxation, monetary policy, and foreign exchange in Moscow's hands. In the end, he convinced the Supreme Soviet to adopt a "compromise plan," which effectively combined the proposals by Ryzhkov and Shatalin.

Following the demise of the Communist Party, genuine reform should begin with restructuring the Soviet Constitution. In the hierarchy of Soviet law, constitutions rank highest, as they are "fundamental law."' Nevertheless, while the Union Constitution has been the supreme legal norm, the Program of the Communist Party of the Soviet Union ("CPSU") has traditionally exerted the greatest influence over the nation. Co-existing with the written Constitution was an unwritten one; controlling law could be found in secret instructions from Communist Party leaders as well as in unwritten rules of custom. The Constitution was the supreme law of the land only if there was parallel existence between state law and Party law. Any conflict between the two was resolved in favor of the law of the CPSU.

Through a constitutional amendment of Article 6 in March 1990, the Party's monopoly on the country's leadership was eliminated. With the CPSU effectively rendered powerless over the execution of law, the remaining text of the Union Constitution should accordingly take on new meaning, i.e. as the unqualified source of Soviet law. Yet, the Constitution will regain influence only if new drafters delete current inconsistencies in its language and create significant republican powers that cannot be trumped by central authorities. Thereafter, if the Soviet Union wants to advance its goal toward a genuine federal system, it must revere its constitution as the pinnacle of Soviet law and structure the executive and judicial branches around it.

6.3. Ethnic Conflicts and Regional Instability

There are many different ethnic groups present in Russia and the countries of the former Soviet Union today. This diversity has been the source or instigator of conflict for centuries, and remains a major part of Russian political life today. While the Russian Empire, the Soviet Union, and the Russian Federation were each made up of a majority of ethnic Russians, the minority groups have always been present to fight for their own languages, cultures, and religions. There are many different types of ethnic conflict, and the vast majority can only be understood with the help of a historical context.

The policies of Vladimir Lenin designated autonomous republics, provinces, regions, and districts for groups of non-Russian ethnicity. One of the most prominent attempts at resistance to Soviet control was in the Turkestan region of Central Asia by a Muslim guerrilla group called the Basmachi. The Basmachi rebellion continued from 1918 to 1924, when the Soviet armies finally crushed the revolt with a mixture of military force, concessionary policies, and elimination of the majority of the region’s tribal and nationalist leaders. The leadership of Joseph Stalin reintroduced many of the assimilation policies of the imperial period, urging loyalty to the Soviet Union only. He opposed national autonomy to the extent

that he replaced the leaders of each republic with ethnic Russian members of the Communist party and regularly removed leaders of ethnic nations from power. This policy continued through to the leadership of Mikhail Gorbachev, who replaced the first secretary of the Communist Party of Kazakhstan with an ethnic Russian. This initiated the first major instance of ethnic violence, in which riots broke out among demonstrators and ten thousand Soviet troops were deployed to quell the revolt. Other conflicts followed in the late 1980s, including the Armenian–Azerbaijani conflict over the Nagorno-Karabakh region, the Uzbek-Meskhetian Turk conflict over Uzbekistan Fergana Valley, and bids by numerous ethnic groups for Soviet republic status.

As the Soviet Union began to collapse, social disintegration and political instability fueled a surge in ethnic conflict. Social and economic disparities, along with ethnic differences, created an upsurge in nationalism within groups and discrimination between groups. In particular, disputes over territorial boundaries have been the source of conflict between states experiencing political transition and upheaval. Territorial conflicts can involve several different issues: the reunification of ethnic groups which have been separated, restoration of territorial rights to those who experienced forced deportation, and restoration of boundaries arbitrarily changed during the Soviet era. Territorial disputes remain significant points of controversy as minority groups consistently oppose election outcomes and seek autonomy and self-determination. In addition to territorial disputes and other structural causes of conflict, legacies from the Soviet and pre-Soviet eras, along with the suddenness of the actual sociopolitical change, have resulted in conflict throughout the region. As each group experiences dramatic economic reform and political democratization, there has been a surge in nationalism and interethnic conflict. Overall, the fifteen independent states that emerged after the collapse of the Soviet Union face problems stemming from uncertain identities, contested boundaries, apprehensive minorities, and an overbearing Russian hegemony.

In particular, the post-Soviet Union territories continue to be especially vulnerable to "triadic" hostilities. Within this analysis, the newly independent states—nationalizing states—are in tension with the "homeland" state of Russia who will attempt to protect Russian ethnic minorities within the new states. Each of the incipient fifteen states except for Armenia had in 1989 substantive Russian minority populations, a cause for conflict between Russia and its former autonomous republics.

During the Soviet-Afghan War, Soviet troops were pulled from Russia as well as predominantly Muslim Soviet republics; they were not pulled from other European Soviet republics, though many Afghans believed that other European nationalities would be represented among Soviet troops. Early after the official deployment of Soviet troops, Soviet Muslim troops were observed discarding the red star badges from their uniforms. This turncoat behavior was both a rejection of their Soviet identity in favor of broader allegiance with Arab Muslims along ethnic and religious lines.

There are several defined levels of ethnic conflict, and all levels were represented by various conflicts in the years following the collapse of the Soviet Union. These include claims presented in the form of declarations, introduction to and support of these claims by the masses, conflict not resulting in casualties, conflicts involving casualties, and interethnic wars. Of the total number of recorded ethnic conflicts, 40% correspond to one of the first two levels, while 15% have reached the third or fourth level. Conflicts such as Armenia–Azerbaijan, Georgia–Ossetia, Georgia–Abkhazia, and Ossetia–Ingushetia conflicts have escalated to the highest level, involving warfare. A predominance of these instances of ethnic conflict are located in the Caucasus and Central Asian regions as a result of territorial disputes and political unrest. In addition, conflict between Russia and other former Soviet states accounts for a large number of present conflicts. Hostilities between Russians and other ethnic groups remain a large part of social and political relations both among and within each

state. Some minor territorial conflicts have occurred recently, but have not escalated to a level of concern.

6.4. Law on Secession in USSR

Adopted in April 1990, the Law on Secession tried to turn a political rupture into a controllable procedure. It recognized, in principle, that a union republic could leave, but it surrounded that right with hurdles: multi-stage referendums, long timelines, negotiations over borders and property, and separate votes in autonomous regions. For Shevardnadze, this kind of legal engineering captured the late Soviet dilemma. Reformers offered rules and compromise, yet the system increasingly relied on delay and coercion. His resignation came as that contradiction hardened into crisis.

Article 1: The procedure for resolving questions connected with a Union republic's secession from the USSR in accordance with Article 72 of the USSR Constitution is defined by the present law.

Article 2: The decision on a Union republic's secession from the USSR is made by a free expression of the will of the Union republic's people by means of a referendum (popular vote). The decision on holding a referendum is made by the Union republic's Supreme Soviet on its own initiative or at the demand of a petition signed by one-tenth of the USSR citizens permanently resident on the republic's territory and possessing the right to vote under USSR legislation.

The referendum is held under the procedure defined by the USSR law on Union or autonomous republic law on referendums, provided that their provisions do not run counter to the present law.

The referendum is held by secret ballot no sooner than six and no later than nine months after the adoption of the decision to raise the question of the republic's secession from the USSR.

USSR citizens permanently resident on the republic's territory at the moment when the question of secession from the USSR is raised and possessing the right to vote according to USSR legislation take part in the referendum.

No campaigning whatsoever on the question submitted to the referendum is permitted during the holding of the vote.

Article 3. In a Union republic which includes within its structure autonomous republics, autonomous oblasts, or autonomous okrugs, the referendum is held separately for each autonomous formation. The people of autonomous republics and autonomous formations retain the right to decide independently the question of remaining within the USSR or within the seceding Union republic, and also to raise the question of their own state-legal status.

In a Union republic on whose territory there are places densely populated by ethnic groups constituting a majority of the population of the locality in question, the results of the voting in these localities are recorded separately when the results of the referendum are being determined.

Article 4. In order to organize a referendum on secession from the USSR, determine the date of the referendum, and sum up its results, the Union republic Supreme Soviet forms a commission including representatives of all interested parties, including those mentioned in Parts 1 and 2 of Article 3 of the present law.

Article 5. In order to ensure full freedom in the expression of the will of the Union republic's peoples in preparing, holding, and determining the results of the referendum on secession from the USSR, the USSR Supreme Soviet, in coordination with the Union republic's Supreme Soviet, decides the question of the presence, as observers on the republic's territory, of plenipotentiary representatives of the USSR, Union and autonomous republics, and

autonomous formations. The USSR Supreme Soviet can, if it deems this to be necessary, invite UN representatives onto the republic's territory for the duration of the poll.

Article 6. The decision on the Union republic's secession from the USSR is deemed to be adopted by means of the referendum if at least two-thirds of the USSR citizens permanently resident on the republic's territory at the moment when the question of secession from the USSR is raised and possessing the right to vote according to USSR legislation vote in favor of it.

The results of the referendum are examined by the Union republic's Supreme Soviet.

In a Union republic including within its structure autonomous republics, autonomous oblasts, autonomous okrugs, or places densely populated by the ethnic groups mentioned in Article 3 of the present law, the results of the referendum are examined by the Union republic Supreme Soviet together with the autonomous republic Supreme Soviet and the relevant Soviets of People's Deputies.

Article 7. The Union republic Supreme Soviet submits the results of the referendum to the USSR Supreme Soviet. The Supreme Soviet of a Union republic possessing within its structure autonomous republics, autonomous formations, or places densely populated by the ethnic groups mentioned in Part 2 of Article 3 of the present law submits to the USSR Supreme Soviet the results of the referendum for each autonomous republic and for each autonomous formation or place densely populated by ethnic groups along with the conclusions and proposals of the relevant organs of state power.

If it is established that the referendum was carried out in accordance with the law, the USSR Supreme Soviet submits the questions for examination by the Congress of USSR's People's Deputies.

In the event of a violation of the law in holding the referendum the USSR Supreme Soviet schedules within a three-month period a repeat referendum for the republic, or for part of the republic, or for the autonomous formation, of for the place densely populated by the ethnic groups mentioned in Part 2 of Article 3 of the present law.

Article 8. Within one month the USSR Supreme Soviet sends the results of the referendum on the Union republics's secession from the USSR and the proposals received from interested parties to the supreme organs of state power of all Union and autonomous republics and also to the organs of state power of autonomous formations for study and evaluation of the consequences arising for each Union and autonomous republic and autonomous formation from the fact of the possible secession of the Union republic in question from the USSR.

Article 9. The Congress of USSR People's Deputies examines the results of the referendum in the Union republic on the question of secession from the USSR, and also the opinions of the supreme organs of state power of Union and autonomous republics and the organs of state power of autonomous oblasts and okrugs regarding this matter. At the submission of the USSR Supreme Soviet, coordinated with the Supreme Soviet of the seceding republic, the Congress of USSR's People's Deputies lays down a transitional period not exceeding five years within which questions arising in connection with the republic's secession from the USSR must be resolved.

The USSR Constitution and USSR laws retain their force on the seceding republic's territory during the transitional period.

Article 10. In the event that a referendum does not result in the adoption of a decision on the Union republic's secession from the USSR, a new referendum on the question may be held not less than ten years after the holding of the previous referendum.

Article 11. With a view to safeguarding the rights and interests of the USSR, of the seceding Union republic and other Union republics, and also of autonomous republics, autonomous formations, and the ethnic groups mentioned in Part 2 of Article 3 of the present law in connection with the resolution of questions arising in the context of a republic's secession from the USSR, the USSR Supreme Soviet, the Supreme Soviets of the Union republics, and the supreme organs of state power of the seceding republic set up conciliation commissions for the transitional period.

Article 12. In the transitional period the USSR Council of Ministers, with the participation of the government of the seceding republic, prepares proposals on questions concerning the USSR state border and also military facilities and units of the USSR Armed Forces on the territory of the seceding republic and submits them for examination by the USSR president and the USSR Supreme Soviet, after which they are passed on for examination by the Congress of USSR People's Deputies.

Article 13. The seceding republic must observe the generally recognized principles and norms of international law, as well as human rights and freedoms enshrined in international treaties to which the USSR is a party. The question of the seceding republic's participation in multilateral treaties concluded by the USSR that are open for accession is resolved according to the rules stipulated by the relevant treaty. Multilateral and bilateral treaties concluded by the USSR and in force at the time of a Union republic's secession from the USSR continue to apply to the seceding republic unless an agreement is reached to the contrary.

The USSR Council of Ministers, after examining and settling all questions connected with the USSR's participation in international treaties in the context of the secession of a Union republic, submits its findings to the USSR president and the USSR Supreme Soviet.

Article 14. In the transitional period the USSR Council of Ministers and the organs of state administration of Union and autonomous republics and autonomous formations, in conjunction with the government of the seceding republic, examine and resolve questions of ownership and material and financial settlements.

In relations between the seceding republic on the one hand, and the USSR, as well as the other Union republics, autonomous republics, autonomous formations, and the ethnic groups mentioned in Part 2 of Article 3 of the present law, on the other, in the transitional period the following questions must be resolved:

1. The fate of facilities under Union-wide ownership ... that are located on the republic's territory, as well as the property of Union-wide social organizations, must be decided;
2. Financial and credit settlements between the seceding republic and the USSR and relations between banks must be regulated;
3. The property and financial credit relations of the republic in question with other Union republics and also with autonomous republics and autonomous formations must be settled;
4. The procedure for the fulfillment by the seceding republic's enterprises and organizations of the preexisting contractual commitments with regard to enterprises and organizations located on the territory of other Union republics as well as autonomous republics and autonomous formations must be defined;
5. The legal status and ways of settling accounts of joint enterprises or branches of enterprises organized on the basis of Union-wide property or the property of other Union republics, as well as autonomous republics and autonomous formations, must be defined;
6. A procedure for settling accounts with other state and international organizations with regard to credits and loans received for the construction of facilities on the seceding

republic's territory or the satisfaction of the needs of that republic and its population, and also with regard to the relevant part of credits and loans spent on Union-wide purchases and programs from which the seceding republic has benefited, must be agreed;

7. The status of territories not belonging to the seceding republic at the moment of its entry into the USSR must be agreed;
8. The status of the territories densely populated by the ethnic groups mentioned in Part 2 of Article 3 of the present law must be agreed, taking into account the results of their expression of their will in the referendum;
9. Guarantees of the maintenance of historical and cultural monuments and burial sites on the territory of the seceding republic must be secured;
10. Other questions requiring mutual settlement must be resolved.

Article 15: USSR citizens living on the seceding republic's territory are given the right to choose their citizenship and their place of residence and work. The seceding republic pays compensation for all costs incurred in connection with citizens' resettlement outside the republic.

Article 16. In conformity with universally recognized principles and norms of international law and international pledges given by the USSR, the seceding republic guarantees the civic, political, social, economic, cultural, and other rights of USSR citizens who remain resident on its territory without any discrimination whatsoever on the grounds of race, color, sex, language, religion, political and other beliefs, national and social origins, property status, and place or date of birth. [...]

Article 19. During the last year of the transitional period, on the initiative of the seceding republic's supreme organ of state power a repeat referendum may be held once on the

question of confirming the decision on the Union republic's secession from the USSR. The holding of a repeat referendum is mandatory if this is demanded by one-tenth of USSR citizens permanently resident on the republic's territory and entitled to vote under USSR legislation.

In the event that fewer than two-thirds of USSR citizens permanently resident on the republic's territory at the moment the question of holding a repeat referendum is raised and entitled to vote under USSR legislation vote in favor of confirming the decision on the Union republic's secession, the decision on the Union republic's secession from the USSR is deemed to be repealed and the procedures envisaged by this law are terminated.

Article 20. At the end of the transitional period or earlier, if the questions envisaged by this law are settled ahead of schedule, the USSR Supreme Soviet convenes a Congress of USSR People's Deputies to adopt a decision confirming the completion of the process for coordinating the interests and satisfying the claims of the seceding republic, on the one hand, and of the USSR, Union republics, or autonomous republics, autonomous formations, and ethnic groups mentioned in Part 2 of Article 3 of this law, on the other hand.

From the moment of the adoption of such a decision by the Congress of USSR People's Deputies, the Union republic's secession from the USSR is deemed accomplished and USSR people's deputies from the republic which has seceded lose their powers.

7. Foreign Policy Context

7.1. Strategic Stability During the Late Cold War

What would determine the might and the success of a strategic doctrine is definitely its adaptation capability to the changing circumstances, say a certain geography, because the success of a strategy depends on the extent of the adaptation it will demonstrate towards the strategic terrain. When success becomes a question of adaptation, this certainly turns any

strategic doctrine into a coherent formulation awaiting to be matched among constant factors of grand strategy. If the strategy was the reflection and manifestation of the Soviet identity, would it be successful in terms of adapting to the strategic terrain? And how would such a strategic move or positioning affect the inner balance of the Soviet Union? For sure if any kind of ideological dimension is to be inserted in a grand strategy, then that particular grand strategy would take on much more delicate equilibrium. And the Soviet Union would demonstrate one of the best examples of this probe. Following her Second World War victory, the Soviet Union was taking to the stage on behalf of feasibility of a grand strategy in which the achievement of ideological goals would determine the achievement of the strategy.

There is no doubt that the Soviet Union was far from being an actor that the international order was quite familiar with. As the first Bolshevik hegemon in the history of great powers, the Soviet Union itself had created a reality of its own in terms of adapting herself to the emerging international order in the post-Second World War Europe. And the success in this reality would depend on the correct harmony among the constant factors. The Soviet Union was an actor whose existential future and position in the international order would depend on the harmony among several identical, ideological and geopolitical constants peculiar to the Soviet Union.

Corollary to this, its destiny was tied to simultaneous collaboration of various factors with each other. Since the Soviet Union had to keep its ideological existence and further its interests, this equalled to maintaining her ideological and strategic rivalry with the United States. By keeping the appeal of Marxism-Leninism vivid and disseminating it in the European continent, Soviet Union would establish the first communist society. By surpassing the capitalist West in terms of living standards, she would compete with her major rival United States in arms technology (at least not fall behind), would maintain and strengthen her organic link with Eastern Europe and would not lose the strategic balance in Europe. Besides

the coexistence of 15 Soviet republics would be a model of peace and prosperity for the future of mankind which would stress its supra-national identity. As a result of all these, its appeal as a new political model would hit the ceiling in the developing world.

Yet there is no doubt that such an unprecedented task would mean a huge burden in terms of its stability. Soviet Union was a political entity that involved much higher standards than a classical empire in order to keep its inner coherence. How to protect the empire against threats coming from the periphery that could harm the stability of the 'empire'? The Soviet Union had risen as a hegemon by leaning itself on such a delicate balance. With those peculiarities, the Soviet Union would become one of the best examples of bicycles ever to be found for political entities. The Soviet strategy would be shaped within the restraints set by the realities of the Soviet regime. And that was the essence of the Soviet strategic code. As long as the destiny of the Soviet Union was based on such a delicate balance, it was inevitable that she would face priority problems in terms of determining her strategic goals. Under such circumstances, the crucial task on behalf of the Soviet regime was to discern the main threat from the enticing ones, in order to see the big picture correctly. Briefly, in terms of the fate of the Soviet Union the question was how the Soviet regime would turn her ideological goals into strategic achievements, towards the pivotal European political geography in particular. For that, the harmony between ideology and strategy would be crucial which would determine the success of a Soviet foreign policy strategy.

Yet, there was no doubt that such an unprecedented revisionist positioning towards Europe would impose a huge burden on her both ideological and strategic goals. It would remain to be seen how such an ideology-strategy harmony would be achieved in the absence of any precedence. Would an effective strategy pave the way for the achievement of Marxist Leninist goals or vice versa? Would Moscow be able to see the big picture correctly? While ideology is by no means an obstacle in the accomplishment of the strategic goals, states could

reach their goals in so far as their ideological identities could be incorporated into the cardinal rules of a strategic notion.

7.2. Relations with the United States

Relations between the Soviet Union and the United States were fully established in 1933 as the succeeding bilateral ties to those between the Russian Empire and the United States, which lasted from 1809 until 1917; they were also the predecessor to the current bilateral ties between the Russian Federation and the United States that began in 1992 after the end of the Cold War.

The relationship between the Soviet Union and the United States was largely defined by mistrust and hostility. The invasion of the Soviet Union by Germany as well as the attack on the U.S. Pacific Fleet at Pearl Harbor by Imperial Japan marked the Soviet and American entries into World War II on the side of the Allies in June and December 1941, respectively. As the Soviet–American alliance against the Axis came to an end following the Allied victory in 1945, the first signs of post-war mistrust and hostility began to immediately appear between the two countries, as the Soviet Union militarily occupied Eastern European countries and turned them into satellite states, forming the Eastern Bloc. These bilateral tensions escalated into the Cold War, a decades-long period of tense hostile relations with short phases of détente that ended after the collapse of the Soviet Union and emergence of the present-day Russian Federation at the end of 1991.

7.3. Military Commitments and Withdrawal

Soviet involvement in regime change entailed both overt and covert actions aimed at altering, replacing, or preserving foreign governments. In the 1920s, the nascent Soviet Union intervened in multiple governments primarily in Asia, acquiring the territory of Tuva and making Mongolia into a satellite state. During World War II, the Soviet Union helped overthrow many puppet regimes of Nazi Germany and the Empire of Japan, including in East

Asia and much of Europe. Soviet forces were also instrumental in ending the rule of Adolf Hitler over Germany.

In the aftermath of World War II, the Soviet government struggled with the United States for global leadership and influence within the context of the Cold War. It expanded the geographic scope of its actions beyond its traditional area of operations. In addition, the Soviet Union and Russia engaged in foreign electoral intervention in the national elections of many countries. One study indicated that the Soviet Union and Russia engaged in 36 interventions in foreign elections from 1946 to 2000.

The Soviet Union ratified the UN Charter in 1945, the preeminent international law document, which legally bound the Soviet government to the Charter's provisions, including Article 2(4), which prohibits the threat or use of force in international relations, except in very limited circumstances. Therefore, any legal claim advanced to justify regime change by a foreign power carries a particularly heavy burden.

The U.S. government examined cases of Soviet interventions within the context of international law, specifically the interpretation of the UN Charter in view of sovereignty and the use of force. Some cases have been discussed in official U.S. documentation.

7.4. External Influence on Internal Reforms

The question about the USSR that's on most people's minds is: Why did it happen? Why all this collapse? Looking at the internal situation as it is presented by the capitalist press in the U.S. is wrong and inadequate. It is not the way to begin an analysis.

What happened is the break of a social system, the breakdown of the socialist cause, not just in the Soviet Union but around the earth. Under Marxist criteria, we have to look at it from a global point of view.

If you want to understand how Columbus got to Hispaniola, it is not enough to analyze the events surrounding him and his ships. We have to analyze the colonial ambitions of the rising commercial bourgeoisie in Europe. European commercial imperialism and colonialism was expanding and on that basis we can explain some of the events that took place in the Western Hemisphere.

And so it is with the USSR. We have to look at what was happening in the rest of the world and especially right here in this country. What happens internally in the USSR is to a large degree a product of the irreconcilable imperialism of U.S. finance capital--its aggressiveness, its nuclear expansionist policy and its daily, hourly policy of experimentation and research in the deadliest of all weapons.

The capitalist world had uniformly agreed to isolate the Soviet Union--not yesterday, not 10 or 20 years ago but from day one of the Bolshevik Revolution. For all those 74 years since 1917 the USSR had been a besieged, beleaguered state.

Even today with the collapse, the Soviet Union is still isolated. The U.S. will not give grain, food, or aid until it gets cash on the barrelhead, until it gets political concessions that conform to Wall Street's will.

Two hundred years before Columbus the capitalist system arose. It is based on oppression and exploitation worldwide. It has amassed riches all those years from five continents, including 300 years of slavery in this country. That has made it possible for U.S. imperialism to be the principal source of attack against the USSR.

The USSR has been the most consistent critic of Soviet foreign policy and of the bureaucracy in the Soviet Union. But our criticism of the Soviet leadership has nothing to do with criticism by the bourgeoisie in this country. It has nothing to do with the so-called left or

ultra-leftist groups, which continually state that the principal cause of the Soviet Union's collapse is the bureaucracy.

The bureaucracy is one basis of the Soviet Union's decline. But it is by no means the principal cause. The principal cause lies in the overall objective situation: U.S. superiority in weapons and technology, and Washington's ability to threaten nuclear annihilation.

Certainly there is a bureaucracy in the Soviet Union. But those who think this is the principal cause of the USSR's decline never think of bureaucracy in capitalist society, in this country.

The labor bureaucracy is often referred to. But do we hear of the corporate bureaucracy? That's the more formidable bureaucracy. The bureaucracy of GE, of Westinghouse, of General Dynamics. Do we hear of the bureaucracy of the Fortune 500 corporations? Or the bureaucracy that is built up in the military field?

The corporate bureaucracy comprises a million people, maybe even more. They are the intermediaries who push the other bureaucracies--the military, the postal service, the clerical bureaucracy, and the municipal, state and federal bureaucracies. They in turn constitute millions more.

We communists have never considered that they are the principal cause of capitalist decline--unemployment, war or any of the other vices of the capitalist system. They are merely the tools, the instruments of a class. They may serve that class well or ill.

On occasion they may soften the class struggle in the interest of maintaining the domination of the ruling class. Or they may harden it in the interest of defending the ruling class. But they are not the principal cause of capitalist exploitation and oppression.

We hate the capitalist bureaucracy that never rides a subway, never sees homelessness or poverty. But we know the federal bureaucracy, which is being pushed by the corporate bureaucracy, is not in and of itself the problem.

The maladies of capitalist society are caused by exploitation, ruling class dominance by means of ownership of the means of production. It is necessary to see bureaucracy historically.

Ancient China had a bureaucracy. It was feudal. There were landlords and serfs, peasants who were enslaved. Who built the Great Wall? It was built on the sweat and blood of the peasants. But who were the organizers, the planners? It was the bureaucracy, which served as an important tool to gather and enslave the masses, collect taxes and so on.

The bureaucrats knew how to read and write. They were useful to the ruling class. Often the ruling class would be dissatisfied with the bureaucratic leadership and throw them out. But if they did, they would get others.

So bureaucracy as a general historic phenomenon is not something first seen in the Soviet Union. But why was it necessary for a workers' state to have a bureaucracy? Or was it necessary? And if it was necessary, how did it grow up?

The October Revolution took place in a country that was very backward, poor, with many of what we would today call Third World people. It had a profoundly revolutionary working class that--revolutionary and receptive as it was to Marxist thought--was nevertheless a minority in a country where the great majority were peasants.

That immediately made it difficult to form a class alliance on a permanent basis because the peasants, even when they are in the most revolutionary mood, are for private

ownership of their own plot of land. Marxists are for collectivization of the land. They are for socializing all the land, all the property the workers and peasants have struggled to build.

These two oppressed classes made a great alliance and held on to it for many years. That was an achievement: they held out through four years of civil war from virtually the first day of the revolution until 1922, when they finally crushed the counterrevolution.

They were able to do all this on the basis of a correct Marxist policy erected by Lenin in the years of most difficult relations with the imperialist powers. The Soviet Union was forced to sign the Brest-Litovsk treaty, which gave away a large amount of territory. There was a counter-revolutionary rebellion at Kronstadt. The high hopes of building socialism worldwide collapsed with the collapse of the revolutions in Germany, Hungary and other parts of the world.

Understanding why it was so difficult to maintain the revolutionary regime at that time will help us understand why it was so difficult to maintain it during the period of the Cold War. We don't want to apologize for any of the false policies carried out by Stalin and his successors. We certainly don't want to take responsibility for the German non-aggression pact that Stalin signed during that period, which may have been necessary but which lulled the Soviet leaders and left the USSR unprepared for the Nazi invasion when it finally came. There were innumerable mistakes. There was the violation of the workers' democratic rights and the abolition of workers' democracy.

But the Soviet Union did become the second greatest industrial and technological power. Notwithstanding all the invasions, isolation, the blockade for many years, the threats of nuclear attack--they did maintain themselves.

But they were in a life-and-death race with imperialism. They were in a race--wrongly, we believe--to say they could build a higher standard of living than France or the U.S. could afford.

The U.S. draws all the blood out of Latin America in order to build up its own scientific and technological apparatus. The Soviet Union, in contrast, had to utilize its resources and divide them with the southern republics, which were more backward, and also with the East Europeans who never acknowledged it because of the bourgeois leadership they had there.

So the inevitability of some collapse should have been foreseen because of the very severe pressure and the U.S. blockade against the USSR. The pressure arose from the fact that the USSR was supporting national liberation movements and oppressed countries under U.S. attack, such as Vietnam and Cuba and, earlier, China. That's one of the principal reasons the pressure against the USSR continued. The external pressures had an important impact on the internal situation.

Naturally, we don't want to blame the disastrous collapse of part of the Soviet Union solely on external factors. There are the internal factors, the inability to maintain a workers' regime without abandoning workers' democracy and resorting to totalitarian measures.

Democratic methods within the working class movement may have drawbacks. But it is one way to draw out the opposition. It is even useful to allow bourgeois parties to surface in order to see the opposition, to see how strong they are. Of course, if they become a threat to the workers' state, then to maintain the life of the workers' state you fight them. If necessary you use force and violence to maintain the workers' regime.

Has not every revolution gone through the same process? On the other hand, would the U.S. allow capitalist democracy, such as it is, if the bourgeoisie felt it threatened the existence of capitalism? No. The McCarthy period was an example of what the U.S. will do.

In the USSR, it would not have been altogether erroneous to permit the existence of bourgeois parties as long as they abided by socialist legality and were not financed by imperialist banks, the CIA and its worldwide networks.

But should that be the case, it is best that their existence be out in the open so as to rally the population, to rally the workers and peasants in the course of the struggle and win them over on that basis. To stifle the opposition is to give an advantage to the other side and allow them to quietly build up their forces, perhaps without the knowledge and understanding of the leading groups in the government, in particular the bureaucracy.

There are now in the Soviet Union more industrial and technical advisers from the U.S., Britain and Germany than there were in all the previous years of the Soviet Union's existence. They are not there to advise and help. They are there as espionage agents to ferret out ways and means to destabilize whatever remains that is still socialist in the Soviet Union.

Not until they have completed their work, not until they have communicated with their masters on Wall Street and Lombard Street and the Bourse, not until the imperialist powers have made up their minds that an investment is safe will they begin to trade with the USSR on an equal basis.

The Soviet leadership knew what the privatization law meant. It was the most dangerous thing that could happen in the Soviet Union. The idea that what belonged to the workers should be sold back to the old bourgeois system seems so reprehensible that if it was

explained to the workers there would be a rebellion. But the law is phrased so that its real significance is hidden.

The Soviet leadership, however, knew very well that this law was being drafted, and discussed in Washington and on Wall Street. Delegations going back and forth between the U.S. and Moscow were all concerned with this one important law and how to put it across.

Some of these leaders in the Soviet Union knew the significance and danger of this new law--that it ultimately means the restoration of capitalism. Those in charge would know this.

They were the coup leaders.

For instance, there was the head of the KGB, the chair of the Interior Department, the prime minister, the head of the Association of State Enterprises and the defense minister. The leaders of the coup were in fact those in charge of the government, with the exception of Gorbachev and Yeltsin. All were in the most responsible posts. All knew or should have known the meaning of that law. It was passed on Aug. 8. They knew that afterward there might be a sell-off.

The thing for a revolutionary leader to do was explain this to the workers, rally them, sound the alarm--and if necessary resign your job and take up arms against it. Don't let it happen.

But instead they decided on a different course of action, a military coup. They would each speak to deputies or underlings. They would issue a state of emergency. And to take advantage of the fact that Gorbachev was on vacation, they would surround him with a "corporal's guard," put a few tanks into the Moscow area and declare that the regime of Gorbachev and Yeltsin was over.

Now that's a military coup d'etat. It's a coup because it's done without the consultation or participation of the masses. And Marxism is opposed to such a course of action. Marxists believe that emancipation of the masses can only be accomplished through their own action. It cannot be done by leaders from the top without the workers' participation.

If a coup coincides with a mass insurrection, that is something else. But a coup without the participation or knowledge of the masses is a risky thing. Ultimately it has all the characteristics of an inevitable disaster.

In the statement they issued declaring the state of emergency there wasn't a word about socialism. It only declared that there was economic chaos, disorder, living conditions slumping, all of that. It was a statement of fact made after the coup. But one thing that struck us in light of what I said about U.S. imperialism is that the coup would maintain relations with the outside world on the same level as before. Now why did they take this very vague approach, so vague that it could not move the masses?

At the same time they made a pledge to the outside world--really the imperialists--that they would maintain the same relationships Gorbachev had. That meant maintaining a neocolonialist position. Why?

They were afraid of military action by the U.S. to overthrow them. And why would the U.S. do it? Because Washington recognized the names of the coup leaders as hardliners. These eight leaders are known for their anti-Gorbachev, anti-perestroika position generally, even though they have gone along publicly with it.

They thought they would mollify the U.S. "It is an internal affair, it's between us and Gorbachev, it doesn't concern you, we're going to keep relations with you, we won't disturb the balance internationally, we're just going to change the governing group."

But the imperialists knew from the very first hours that this meant the overthrow of the Gorbachev regime and the end of the capitalist restorationist process. The coup was an attempt to sneak in a new governing group that would restore the old system at least economically. At the same time they would stop the process of economic disintegration. They hoped the imperialists would let it alone.

The imperialists recognized that the coup was a threat to capitalist restoration and would change the balance of power between the U.S. and the USSR. So the imperialists sounded the alarm. First came Washington, and then London and Paris and Bonn, and the Japanese were the least enthusiastic. But they all joined in against the coup leaders, and we don't know today what threats were made and why the coup leaders didn't call out the military forces. There were hardly any military forces involved. It was like a token attempt at a coup. And there was sufficient opportunity for the imperialists to threaten and give Yeltsin the chance to hit back.

Yeltsin called for a general strike of the workers and it collapsed. You never saw workers on strike. In Leningrad and Moscow nobody went out. There were mobs of people threatening the Kremlin. But what is 10,000 or 20,000 or 50,000? What's that in a country of 250 or 300 million? It's nothing. A demonstration that size in Washington isn't a threat to overthrow the government here and it isn't over there either.

What happened was that the leadership became indecisive and wouldn't call out the military or call upon the workers. It was in a state of paralysis, and in a state of paralysis the enemy has the advantage to move quickly. And so the coup collapsed and the counterrevolutionary elements took over. But they haven't been able to make the private property law operational. They haven't been able to execute the law.

8. Institutional Crisis and Collapse

8.1. Constitutional Breakdown and Legal Conflicts

Law in the post-Stalin Soviet system became increasingly important as an instrument of governance, but until nearly the end of the USSR it remained firmly subordinate to the politics of the Communist Party (CPSU). Only in the final years of the Soviet system under Mikhail Gorbachev did law begin to achieve some limited autonomy within the restructuring political system. Constitutional law became the leading edge of this recipient change in the late 1980s. Before then, the USSR Constitution of 1977 had been amended but once in a very minor and inconsequential way. However, in 1988, Gorbachev began an extensive process of constitutional reform that radically restructured the Soviet political and electoral systems. The subsequent revision of Article 6, the clause assigning monopoly power to the CPSU, accelerated the erosion of the party's hegemonic rule. Within a few short years, Gorbachev's legal revolution from about had inadvertently contributed to the demise of the Soviet Union. Thus, on the cusp of the post-Soviet era in Russian history in late 1991 and early 1992, law had finally emerged as an essential subject of study for anyone trying to understand Russia's transition from authoritarianism to democracy and the rule of law.

Even before the end of the USSR, the Soviet Russian Republic (RSFSR) under Boris Yeltsin's leadership had been moving rapidly along a parallel track of constitutional reform, with the revision and eventual replacement of the RSFSR Constitution of 1978. After 1991, the task of replacing the document with a post-Soviet, democratic constitution, and then governing within the new constitutional parameters, proved to be arduous and challenging. Still, as we look back on Russia's first decade, we see that the young polity managed to survive no fewer than five critical moments in its difficult transition. A key factor in getting through the crises of transition was the governing elite's gradually deepening commitment to reliance on legal process for the resolution of political conflict. In retrospect, any one of those

crises could have derailed the democratic transformation project, or even doomed it altogether. Fortunately, Russia not only survived its tumultuous decade of change and crisis, but became more constitutionally tempered and politically stable in the process.

During the Soviet Union's sharp decline in the late 1980s, the calls for reform by Boris Yeltsin, a young reformer and republican separatist, became increasingly popular. In 1990, he led the Russian Republic to declare independence from the Soviet Union and helped push then Soviet president Mikhail Gorbachev out of power. Though Gorbachev attempted to patch up the broken union, party extremists, the Komitet Gosudarstvennoy Bezopasnosti or Committee for State Security ("KGB"), and the military staged a coup and arrested Gorbachev. The coup failed, however, largely due to mass protests and Yeltsin's opposition leadership. Though Gorbachev returned to Moscow, he was politically obsolete, and Yeltsin easily assumed power. In the spring of 1993, Yeltsin, then Russia's president, proposed a new Russian constitution and presented a draft to the Russian people. In July, a Constitutional Conference composed of two representatives from each Russian Federation met. After making over 200 amendments, the Conference approved the Constitution. Concurrently, the Russian Congress published its own draft constitution. In response, Yeltsin attempted to disband the Congress using the emergency powers granted to him via the 1978 Constitution Though the Congress initially refused to leave power, Yeltsin eventually overcame its opposition with the support of the military. On November 9, 1993, Yeltsin proposed a new draft of his constitution, and declared that a popular referendum would be held to adopt his constitution. Approval required 50% for adoption. On December 12, 1993, Russians adopted the Constitution with 60% of the vote, and the 1993 Constitution became Russia's first democratic Constitution since 1906.

8.2. Loss of Central Authority

The Soviet system had many shortcomings, but these shortcomings were not direct factors to disintegrate the Soviet Union. These shortcomings forced the Soviet Union to embark on the path of reform, or *perestroika*, in the process of which the Soviet Union ceased to exist. But it was not the model of the Soviet system, nor the reform, that destroyed the Soviet Union. It was the mistakes in the reforms that destroyed it.

The reform itself, or *perestroika*, was not only the right, but also the necessary choice for the Soviet Union, which was suffering from political, economic, and social stagnation. However, rightness of the reform does not mean that the strategy and tactics employed are correct. Reforms with good intentions are not certain to succeed, and reforms with poor strategy and tactics are doomed to failure. The failure of the reform says something there was wrong, but not necessarily that the reform was wrong.

The national autonomy system is the most important part of the Soviet system as regards ethnic relations. From a retrospective point of view, the national autonomy system had objectively provided the administrative, territorial, ethnic, and cultural basis for the post-Soviet republics once they gained independence. However, national autonomy is a system that is widely practiced all over the world. Not every state with a national autonomy system ended unsuccessfully. Under this system, the Soviet Union had maintained unity for 70 years as well. It says that the national autonomy system, being a favorable way to independence, does not necessarily result in the breakup of a state.

Many people believe that the collapse of the Soviet Union was the result of poor ethnic policies and relations. It is true that the Soviet Union had many problems in dealing with ethnic relations, but it also had successes. Of the Soviet Union's 15 republics, 14 were ethnic minorities that accounted for nearly 50 percent of the country's total population. They believe in different religions, with six republics adhering to Islam. The complexity and

difficulty of dealing with national problems in the Soviet Union can easily be imagined. The Soviet Union's greatest success was made through the notions of "Soviet" and "Soviet people", a common identity for all the republics and all the people (except for the Baltic states). Russian was popularized as a common language, secularization entrenched itself into the society, different ethnic lifestyles could be accommodated, people of different ethnic groups could work and live together normally, the sense of national differences was not so strong in common public life, intermarriage between different ethnic groups was also common practice. True, ethnic relations in the Soviet Union were not perfect, particularly from the perspective of the national minorities, but they were largely normal. It was the political, economic and social problems that pushed the Soviet Union to reform rather than the ethnic one. They were not the direct factors that destroyed the Soviet Union.

It is mainly a view held by people who looked at the issue from an ideological perspective. They believe that the collapse of the Soviet Union was because the leaders of the reform betrayed Marxism, the socialist system and the communist ideals. Surely, this is an ideological explanation of the collapse of the Soviet Union.

The collapse of the Soviet Union had no direct link with its ideological system and its state system. A state may be unified or split no matter what ideology it believes in, whether communism or capitalism. As far as the state system is concerned, whether under autocracy or democracy, it is possible to remain united or break apart. A state may also maintain unity or split, whether a royalist or a revolutionary party is in power.

It is unreasonable to think that the Soviet Communist Party's betrayal of socialism led to the disintegration: socialism is not a theory or a principle of national unification, and adherence to or betrayal of socialism does not mean a choice between unification and disintegration, nor does it necessarily lead to the breakup of a country.

So, attributing the collapse of the Soviet Union to political treachery makes no sense in theory or in practice. The tsarist Russia was the originator of the Russian empire, and the Soviet Union was the successor of the Russian empire. There was no fundamental difference between the two in maintaining the unity of the "empire". Even betraying the old system did not mean giving up the "empire". Gorbachev reformed the Soviet Union with no intention of destroying it. His problem with keeping the Soviet Union together was not in "betrayal" but in losing control of the process he had ignited.

8.3. Dissolution Process and Consequences

For nearly three decades, the Berlin Wall was a tangible representation of the so-called Iron Curtain and the political divisions in Europe. When Mikhail Gorbachev took control of the Union of Soviet Socialist Republics (USSR) in 1985, he did so with the intention of revamping the country's economy and government. He dismantled the secret police and introduced perestroika (economic restructuring) in an attempt to begin mending relationships with Western European countries and the United States. By studying the consequences of the collapse of the USSR, students today can gain an understanding of how the end of the Cold War affected U.S. and Soviet relationships, and how it led to the current political and economic climate between the two countries.

In order to understand the consequences related to the collapse of the Soviet Union, it is critical to first examine the overarching causes for the USSR's downfall. Gorbachev's loosening of governmental power created a domino effect in which Eastern European alliances began to crumble, inspiring countries such as Estonia, Lithuania and Latvia to declare their independence. The Berlin Wall fell on November 9, 1989, leading East and West Germany to officially reunite within a year, ending the Cold War. Once the Berlin Wall fell, citizens in Eastern European countries such as Czechoslovakia, Bulgaria and Romania staged protests against their pro-Soviet governments, hastening the collapse of communist regimes across the former Soviet bloc. Other countries—such as the Republic of Belarus, the Russian

Federation and Ukraine—followed suit, creating the Commonwealth of Independent States. By the end of 1989, eight of the nine remaining republics had declared independence from Moscow, and the powerful Soviet Union was finally undone. By the summer of 1990, all the formerly communist Eastern European officials had been replaced by democratically elected governments, setting the stage for the region's reintegration into Western economic and political spheres.

The dismantling of the Soviet Union had many long-lasting effects on the global economy and the region's foreign trade. Its downfall increased the United States' influence as a global power and created an opportunity for corruption and crime in Russia. It also prompted many cultural changes and social upheavals in former Soviet nations and smaller neighboring communist countries. Between 1989 and 1991, the gross national product in Soviet countries fell by 20 percent, ushering in a period of complete economic breakdown.

By the time Gorbachev took office in 1985, the Soviet economy had been stagnant for 20 years and was badly in need of reform; to wit, the country's gross national product (GNP) went from 5.8% in 1940 to 2.6% in 1970. Grocery store shelves were often empty, and lines for food were long. The Soviet economy historically had relied little on foreign trade because of the region's large energy and raw material base; in 1985, exports and imports accounted for just 4 percent of the Soviet GNP. The trading the Soviet Union did engage in was mostly with communist countries, many of which were in Eastern Europe. In 1988, Soviet trade with socialist countries amounted to 62 percent of the country's total foreign trade, while 15 percent of its foreign trade was made with Third World countries. Soviet trade with Western countries largely consisted of currency and Soviet oil exports, as well as trading one manufactured good for another (Pepsi for Stolichnaya vodka, for example).

In September 1990, Gorbachev rejected Russian economist and politician Grigory Yavlinsky's 500-day economic reform plan, which lost the former any remaining support he had from the Soviet people, leaving him with few allies. Gorbachev's attempts to modernize the Soviet system failed, in part, because he was unable to implement a complete overhaul, instead of making a series of minor reforms. For example, he tried to stop the production and sale of alcohol, forcing the industry underground. He also began leasing state-owned land to

farmers and cut state spending on the military. Gorbachev's continued promises that his reforms would drastically improve living conditions alienated citizens who didn't see the promises come to fruition. Gorbachev's failed plan for a slow, gradual economic reform negated any positive effects the reforms may have had, and the economy fully collapsed.

A few years prior, in April of 1988, Soviet and American trade delegations met in Moscow to examine possibly expanding trade relations. The Soviet government's hope was to gain an understanding of Western management and marketing processes and learn new manufacturing skills. That same year, the Soviet Union signed a normalization agreement with the European Economic Community. Gorbachev's economic policies of Soviet expansion and cooperation with the Western world changed the attitude of the country from one that regarded foreign trade as a means to compensate for short-term scarcities to one that considered imports to be long-term alternatives to domestic production. This helped open the door to Soviet expansion into the world market, bolstering relations with not only former Soviet bloc nations, but also Western powers such as the United States and the United Kingdom. In the mid-1990s, Russian President Boris Yeltsin and U.S. President George H.W. Bush signed trade agreements designed to make it easier for U.S. citizens to conduct business in Russia. In 1997, for the first time, Russia participated in economic discussions at the G7 summit in Denver, Colorado. The following year, Russia was integrated as a full member, and the G7 became the G8. By the early 2000s, Russian President Vladimir Putin was working to create a free-trade zone in Russia, and the country eventually joined the World Trade Organization in 2012.

The Soviet Union's collapse not only threw economic systems and trade relations throughout Eastern Europe into a tailspin, it also produced the upheaval in many Eastern European countries and led to increased crime rates and corruption within the Russian government. When the Soviet government fell, the Russian mafia, which had struggled to survive during the height of communism, stepped in to fill the power void. Government infrastructure—ranging from basic public utilities to police services—mostly evaporated during the collapse. Additionally, government payroll services almost completely disappeared, so ex-KGB officers, police officers and Soviet Army soldiers flooded the

mafia's ranks in search of steady employment. Mafia oligarchs seized state-owned assets and enterprises throughout Russia, such as telecommunications and energy networks and industries, and the mafia extorted the public in exchange for providing security and enforcing laws wherever the Russian government was unable to. Though the current Russian administration has had some success combating organized crime, the Russian mafia is still extremely powerful and well-connected. However, in an autocratic society such as that of Russia, anyone who speaks in opposition to government corruption will be arrested, exiled or even murdered under mysterious circumstances. This oppression stymies Russia's chances of establishing a true democracy and allows government corruption to continue to expand.

The fall of the Soviet empire also had far-reaching effects on the world as a whole, particularly among its former Soviet satellite nations. For some countries, such as Azerbaijan and Kazakhstan, oil and natural gas exports have created prosperity but have also enabled corruption. Countries such as Lithuania and Latvia underwent dramatic transformations by quickly turning to the West, adopting Western ideals and political leanings, while other countries, such as Armenia and Tajikistan, have struggled to flourish in the post-Soviet era and many citizens remain poverty-stricken while the states and their politics remain in flux.

The Soviet Union's collapse also affected countries outside the former Soviet bloc; for instance, since the end of the Cold War, China has expanded to become a major world superpower and the European Union has extended its influence into areas that Moscow once controlled. In the quarter-century since the Soviet Union collapsed, U.S.-Russia relations have been tenuous. While the United States under President Bill Clinton provided assistance to Russia, policymakers at home feared Russia could re-emerge as an enemy if nationalists were allowed to regain power.

While the United States was able to become the dominant global superpower in the years following the Soviet Union's collapse, Russia has gained ground in the past several years. A recent study by the U.S. Army War College's Strategic Studies Institute indicates that the United States' power is declining because the world is entering a new phase in which the authority of traditional governments worldwide is destabilizing, stating that the United States "can no longer count on the unassailable position of dominance, supremacy, or

pre-eminence it enjoyed for the 20-plus years after the fall of the Soviet Union." The dissolution of the USSR left the U.S. as the only true world superpower, freeing the U.S. government from the constraints imposed by the existence of any threat from a powerful rival. This allowed the U.S. government to intervene militarily and otherwise in foreign countries without fear of major retaliation.

Though the collapse of the Soviet Union allowed the United States to gain power, recent years have seen Moscow take a stronger stance in world affairs—by forgiving $10 billion of Soviet-era debt due from Pyongyang, for example, and selling oil to North Korea—in an attempt to, as Samuel Ramani, journalist and international relations expert, noted in the Washington Post, "once again project itself as a global power." Achieving that superpower status, according to Ramani, would make it far easier for Russia to directly influence conflicts across the world.

By studying the immediate effects of the Soviet Union's collapse, and keeping current on the effects of post-Soviet development, historians and students can understand how the end of the Cold War, Russia's fall from dominance and its recent bid to return to the stage as a global power have all affected the United States and the course of the current geopolitical climate.