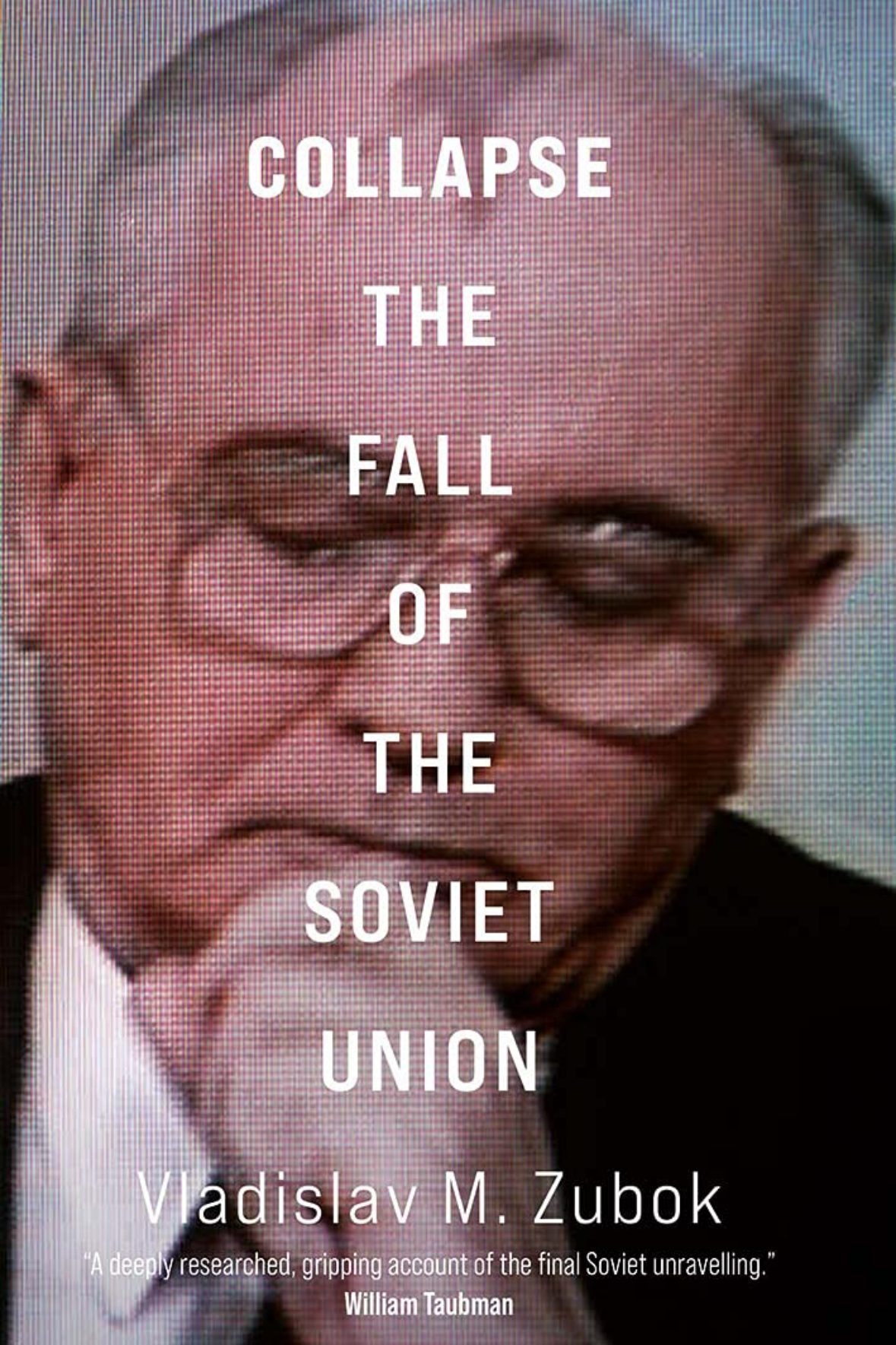
COLLAPSE
THE
FALL
OF
THE
SOVIET
UNION
Vladislav M. Zubok
"A deeply researched, gripping account of the final Soviet unravelling."
William Taubman

COLLAPSE

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THE FALL OF THE SOVIET UNION

VLADISLAV M. ZUBOK

YALE UNIVERSITY PRESS
NEW HAVEN AND LONDON

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To all reformers

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DRAMATIS PERSONAE

ABALKIN, Leonid (1930–2011): deputy head of the Soviet government, August 1989–December 1990
ADAMISHIN, Anatoly (1934–): Soviet ambassador to Italy, 1990–91
AFANASYEV, Yuri (1934–2015): deputy of the Supreme Soviet of the USSR; a leader of Democratic Russia
AGANBEGYAN, Abel (1932–): Soviet economist; architect of economic reforms in 1987–88 and September–October 1990
AKHROMEYEV, Sergey (1923–91): Marshal of the Soviet Union; Gorbachev's military advisor, December 1988–August 1991; member of the Emergency Committee, August 1991
BAKATIN, Vadim (1937–): Minister of the Interior of the Soviet Union, October 1988–December 1990; ran for the Russian presidency in 1991; the last head of the KGB, August–December 1991
BAKLANOV, Oleg (1932–): Party Secretary for Defense, 1988–August 1991; member of the Emergency Committee, August 1991
BERNSTAM, Mikhail (1940–): American economist; advisor to the RSFSR government, March–December 1991
BESSMERTNYKH, Alexander (1933–): Foreign Minister of the Soviet Union, January–August 1991
BOCHAROV, Mikhail (1941–2020): head of the Higher Economic Council of the RSFSR government, June 1990–September 1991
BOLDIN, Valery (1935–2006): Gorbachev's personal assistant, 1981–87; Gorbachev's chief of staff, 1987–91; member of the Emergency Committee, August 1991
BONNER, Yelena (1923–2011): dissident and wife of Andrei Sakharov; leading voice of the opposition and Democratic Russia

BRAITHWAITE, Rodric (1932–): British ambassador to Moscow, 1988–92
BURBULIS, Gennady (1945–): advisor to Yeltsin; organizer of Yeltsin's presidential campaign, April–June 1991; State Secretary of the Russian government, June–December 1991
CHERNYAEV, Anatoly (1921–2017): Gorbachev's aide for foreign policy, January 1986–December 1991
FOKIN, Vitold (1932–): Prime Minister of the Ukrainian Republic, November 1990–December 1991
GAIDAR, Yegor (1956–2009): economist; author of program of market reforms for the RSFSR; deputy head of the Russian government, 15 November 1991–December 1992
GERASHCHENKO, Viktor (1937–): Chairman of the State Bank of the USSR, July 1989–December 1991
IVANENKO, Viktor (1950–): Major-General of the KGB; head of KGB RSFSR, 5 August–26 November 1991; backed Yeltsin during the Emergency Committee rule in August 1991
KARIMOV, Islam (1938–2016): First Secretary of the Communist Party of Uzbekistan, 1989–91; "elected" by the Republic's Supreme Soviet as President of Uzbekistan in November 1990
KEBICH, Vyacheslav (1936–2020): Prime Minister of Belorussia, then sovereign Belarus, 1990–94
KHASBULATOV, Ruslan (1942–): Yeltsin's deputy in the Supreme Soviet of the RSFSR, June 1990–June 1991; head of the Supreme Soviet of the RSFSR, June 1991–October 1993
KORZHAKOV, Alexander (1950–): personal bodyguard and then head of Yeltsin's Presidential Security Service, 1989–96
KOZYREV, Andrei (1951–): Foreign Minister of the RSFSR, October 1990–December 1991
KRAVCHUK, Leonid (1934–): Chairman of the Supreme Soviet of Ukraine, July 1990–December 1991; first President of independent Ukraine, December 1991–19 July 1994
KRUCHINA, Nikolai (1928–91): chief administrator for economic affairs, central Party apparatus, 1983–91
KRYUCHKOV, Vladimir (1924–2007): Chairman of the KGB, October 1988–August 1991; ringleader of the Emergency Committee in August 1991
LANDSBERGIS, Vytautas (1932–): head of *Sajudis* (the Reform Movement of Lithuania) and the Parliament of Lithuania, 1989–August 1991
LIGACHEV, Yegor (1920–2021): Secretary of the Central Committee of the Communist Party of the Soviet Union, December 1983–July 1990; Politburo member, April 1985–July 1990

LUKIN, Vladimir (1937–): Deputy of the Supreme Soviet of the RSFSR; head of its Committee on International Affairs, June 1990–December 1991

LUKYANOV, Anatoly (1930–2019): Politburo member, September 1988–July 1990; Speaker of the Supreme Soviet of the USSR, March 1990–August 1991; collaborated with the Emergency Committee in August 1991

MASLIUKOV, Yuri (1937–2010): top economic planner in the Soviet government, 1982–November 1991; Chairman of Gosplan, 1988–November 1991

MATLOCK, Jack (1929–): US ambassador to the Soviet Union, 1987–August 1991

MEDVEDEV, Vadim (1929–): Politburo member, September 1988–July 1990

MOISEYEV, Mikhail (1939–): head of the General Staff of the USSR, December 1988–August 1991; briefly Minister of Defense, August 1991

MURASHOV, Arkady (1957–): Deputy of the Supreme Soviet of the USSR; organizer of Democratic Russia, January 1990–September 1991

NAZARBAYEV, Nursultan (1940–): Chairman of the Supreme Soviet of the Kazakh SSR, February–April 1990; elected as President of Kazakhstan by the Republic's Supreme Soviet, April 1990

PALAZHCHENKO, Pavel (1949–): interpreter for Soviet Foreign Minister Eduard Shevardnadze, July 1985–December 1990; interpreter for Mikhail Gorbachev, December 1985–December 1991

PANKIN, Boris (1931–): Minister of Foreign Affairs of the Soviet Union, August–November 1991

PAVLOV, Valentin (1937–2003): Minister of Finance of the USSR, July 1989–January 1991; head of the Cabinet of Ministers of the USSR, January–August 1991; member of the Emergency Committee, August 1991

PETRAKOV, Nikolai (1937–2014): Gorbachev's economic advisor, December 1989–December 1990; author of a program of radical market transition

POLOZKOV, Ivan (1935–): head of the Russian Communist Party, June 1990–August 1991

POPOV, Gavriil (1936–): economist; organizer of Democratic Russia; head of the City Council and then Mayor of Moscow, June 1990–December 1991

PRIMAKOV, Yevgeny (1929–2015): Gorbachev's advisor, March 1990–August 1991; head of the KGB's First Directorate (foreign intelligence), September–December 1991

PUGO, Boris (1937–1991): Minister of the Interior of the USSR, December 1990–August 1991; member of the Emergency Committee; committed suicide after the failure of the junta

RUTSKOY, Alexander (1947–): Major-General of Aviation, 1991; Vice-President of the RSFSR, June 1991–October 1993

RYZHKOV, Nikolai (1929–): Chairman of the Council of Ministers of the USSR, September 1985–December 1990; architect of Gorbachev's early economic reforms

SABUROV, Yevgeny (1946–2009): Minister of the Economy of the RSFSR, 15 August–15 November 1991

SAKHAROV, Andrei (1921–89): physicist, designer of nuclear weapons, dissident; winner of the Nobel Peace Prize, 1975; member of the Supreme Soviet of the USSR and opposition leader, May–December 1989

SAVISAAR, Edgar (1950–): co-founder of the Popular Front of Estonia, July 1988; Prime Minister of Estonia, August 1991–January 1992

SHAKHNAZAROV, Georgy (1924–2001): philosopher and sociologist; Gorbachev's aide, 1988–December 1991

SHAKHRAI, Sergey (1956–): Yeltsin's legal advisor; drafted the documents on the dissolution of the USSR on 7–8 December 1991

SHAPOSHNIKOV, Yevgeny (1942–2020): commander of the Soviet Air Force; Minister of Defense of the USSR, August–December 1991

SHATALIN, Stanislav (1934–97): economist; member of Gorbachev's Presidential Council, May 1990–January 1991

SHEBARSHIN, Leonid (1935–2012): head of the KGB's First Directorate (foreign intelligence), October 1988–August 1991; head of the KGB after the junta's fall in August 1991

SHEVARDNADZE, Eduard (1928–2014): Minister of Foreign Affairs of the Soviet Union, July 1985–December 1990 and November–December 1991

SHUSHKEVICH, Stanislav (1934–): Chairman of Belorussia's Supreme Soviet, August–December 1991; signed the documents to dissolve the Soviet Union on 8 December 1991

SOBCHAK, Anatoly (1937–2000): Mayor of St Petersburg, July–December 1991

STANKEVICH, Sergey (1954–): member of the democratic opposition, 1989–91; deputy head of the Moscow municipal government and advisor to Yeltsin, 1990–91

STAROVOITOVA, Galina (1946–98): Russian ethnographer; deputy of the Supreme Soviet of the USSR, May 1989–September 1991; deputy of the Supreme Soviet of the RSFSR, June 1990–93; advisor to Yeltsin, 1990–91

STEPANOV-MAMALADZE, Teimuraz (1934–99): aide and speechwriter to Foreign Minister Shevardnadze, July 1985–December 1990

VARENNIKOV, Valentin (1923–2009): commander of Soviet ground forces and Deputy Minister of Defense, 1989–August 1991; active in the Emergency Committee, August 1991

VOROTNIKOV, Vitaly (1926–2012): member of the Politburo, December 1983–July 1990; head of the Supreme Soviet of the RSFSR, October 1988–May 1990

VOSHCHANOV, Pavel (1948–): journalist; President Yeltsin's press secretary, July 1991–February 1992

YAKOVLEV, Alexander (1923–2005): member of the Politburo, 1985–July 1990; close associate of Gorbachev, July–December 1990 and September–December 1991

YAKOVLEV, Yegor (1930–2005): editor of *Moscow News*, 1986–91; head of Soviet television, August–December 1991

YAVLINSKY, Grigory (1952–): Soviet economist; author of the "400 Days of Confidence" program (which became "500 Days"), June–September 1990; author of the Grand Bargain, May–August 1991

ZASLAVSKY, Ilya (1960–): member of the parliamentary opposition and coordinator of Democratic Russia

ACKNOWLEDGMENTS

This book could not have been written without the encouragement, goodwill, advice, and support of my colleagues, librarians, archivists, and other individuals, as well as a number of organizations. The late Viktor Zaslavsky, a friend and a wonderful scholar of Soviet society and politics, urged me back in 2008 to write this book, while insisting that the Soviet Union had been doomed. I acted on his advice, but came to a different conclusion. My work on this book became possible largely because of an excellent academic environment, first in the Department of History at Temple University and then in the Department of International History at the London School of Economics and Political Science; there I worked in the company of Richard Immerman, William Hitchcock, Beth Bailey, Richard Farber, Ralph Young, Petra Goedde, Rita Krueger, Howard Spodek, Gregory Urwin, Jay Lockenouer, Matthew Jones, Piers Ludlow, David Stevenson, Kristina Spohr, Nigel Ashton, Svetozar Rajak, and Roham Alvandi, among others. I am deeply thankful to them for their advice, encouragement, and collegial interest. The generosity of several organizations in the United States and United Kingdom facilitated my access to the US archives and libraries, and allowed me to draft the first chapters of my book: a W. Glenn Campbell and Rita Ricardo-Campbell National Fellowship at the Hoover Institution, Stanford University; a public policy scholarship at the Kennan Institute of Russian studies; and a fellowship at the Woodrow Wilson Center in 2012 and 2014. A research grant by the Hoover Institution and Archive in 2018 allowed me to return to Palo Alto and do additional research there. At the Wilson Center I was consistently supported and encouraged by Christian Ostermann, Samuel Wells, Robert Litwak, Blair Ruble, Matthew Rojansky, and William Pomeranz. On the Stanford campus special thanks go to Norman Naimark, Eric Wakin, David Holloway, Gail Lapidus, Michael McFaul, and Anatol Shmelev. At the LSE, in

2018 I received a grant from the Paulsen program, administered by Dominic Lieven and Janet Hartley; this money helped me conclude my research in the Moscow archives. My Department of International History also gave me the funds to do additional research and travel.

The book would not have happened without new evidence from Russia and the United States. My primary sources of material were in the Russian State Archive of Contemporary History (RGANI), the State Archive of the Russian Federation (GARF), the Hoover Institution Archives (HIA), the George H. W. Bush Presidential Library (GBPL), the National Security Archive at George Washington University (NSA), and the Seeley G. Mudd Library (SML) at Princeton University. I am thankful to the archivists who never lost patience with my many requests. The LSE librarian Paul Horsler always found ways to help me find the books and articles I was seeking. A number of individuals, mostly old friends and colleagues, shared their sources and ideas with me, among them Svetlana Savranskaya, Tom Blanton, Christian Ostermann, Hope Harrison, William Taubman, Mark Kramer, Arne Westad, Archie Brown, Timothy Colton, Diana Villiers Negroponte, Peter Ruggenthaler, Serhii Plokhi, Vladimir Pechatnov, Rudolf Pikhoia, and Oleg Skvortsov. Anna Kan showed me copies of BBC interviews and programs from 1991. Dr Natalya Kibita graciously shared with me documents at the Kiev-based State Archive for Public Organizations. Alexander Babkin from the Yeltsin Foundation advised me on visuals. Sir Rodric Braithwaite, the last British ambassador to the Soviet Union, provided a copy of his invaluable unpublished diaries. I also learned much about developments in the Baltic republics from the dissertation of Una Bergmane, whose book *Politics of Uncertainty: The US, the Baltic Question, and the Collapse of the USSR* is to be published by Oxford University Press.

In our age of electronic databases, I owe a great debt to those individuals who created the remarkably rich "electronic archives." These include the Archive of Yeltsin at https://yeltsin.ru/archive and another project of the Yeltsin Center, "Istoriia novoi Rossii," at http://ru-90.ru; the archive of Yegor Gaidar at http://gaidar-arc.ru; and the archive of interviews on Ukrainian independence, *Rozpad Radians'kogo Soiuzu. Usta istoriia nezalezhnoi Ukraiiny 1988–1991*, at http://oralhistory.org.ua/category/interview-ua. From those sources, which I could mine without leaving my apartment in national lockdowns during the pandemic, I learned more than I could have done as an individual researcher in "physical" archives.

As a result of my participation in unique "critical oral history" conferences, organized by the indomitable janet Lang and Jim Blight, I was fortunate in being able to spend many hours, including informal and private conversations, with some major participants in the historical events described in this book. In

particular, I was very influenced by my meetings and conversations with Mikhail Gorbachev's former aides Anatoly Chernyaev and Georgy Shakhnazarov, as well as Eduard Shevardnadze's former aide Sergey Tarasenko. In 1995, Chernyaev introduced me to Gorbachev; a few years later, Chernyaev shared with me his remarkable diaries, still unpublished at the time. In 1999, thanks to the creative energy of James Hershberg, I made a memorable trip to Georgia where I interviewed Shevardnadze. I met and talked with other men from the Soviet leadership, including Alexander Yakovlev, Yegor Ligachev, General Valentin Varennikov, the former Minister of Defense Dmitry Yazov, and the former head of the military-industrial complex, Oleg Baklanov. Among other individuals who appear in this book, I had a chance to meet with Leonid Shebarshin, the head of Soviet intelligence and briefly the head of the KGB, Boris Pankin, the last Minister of Foreign Affairs of the USSR, Gorbachev's interpreter Pavel Palazhchenko, the economist and politician Grigory Yavlinsky, Yeltsin's ally and then critic Vladimir Lukin, the diplomat Anatoly Adamishin, and Gorbachev's press secretary, Andrei Grachev. Gennady Burbulis, Yeltsin's top strategist in 1990–1, spent several hours with me online sharing his reminiscences and assessments of the Soviet collapse. I have learned much from my conversations with Andrei Kokoshin, Viktor Sheinis, Stanislav Shushkevich, Alexander Drozdov, Igor Malashenko, Andrei Zubov, Alexei Pankin, among others, who lived through the excitement and frustration of perestroika, crisis, and the Soviet collapse. My encounters and conversations with these individuals, which took place over the course of many years, were more than just formal interviews. We relived the history together, and this book amounts to a discussion with many of them.

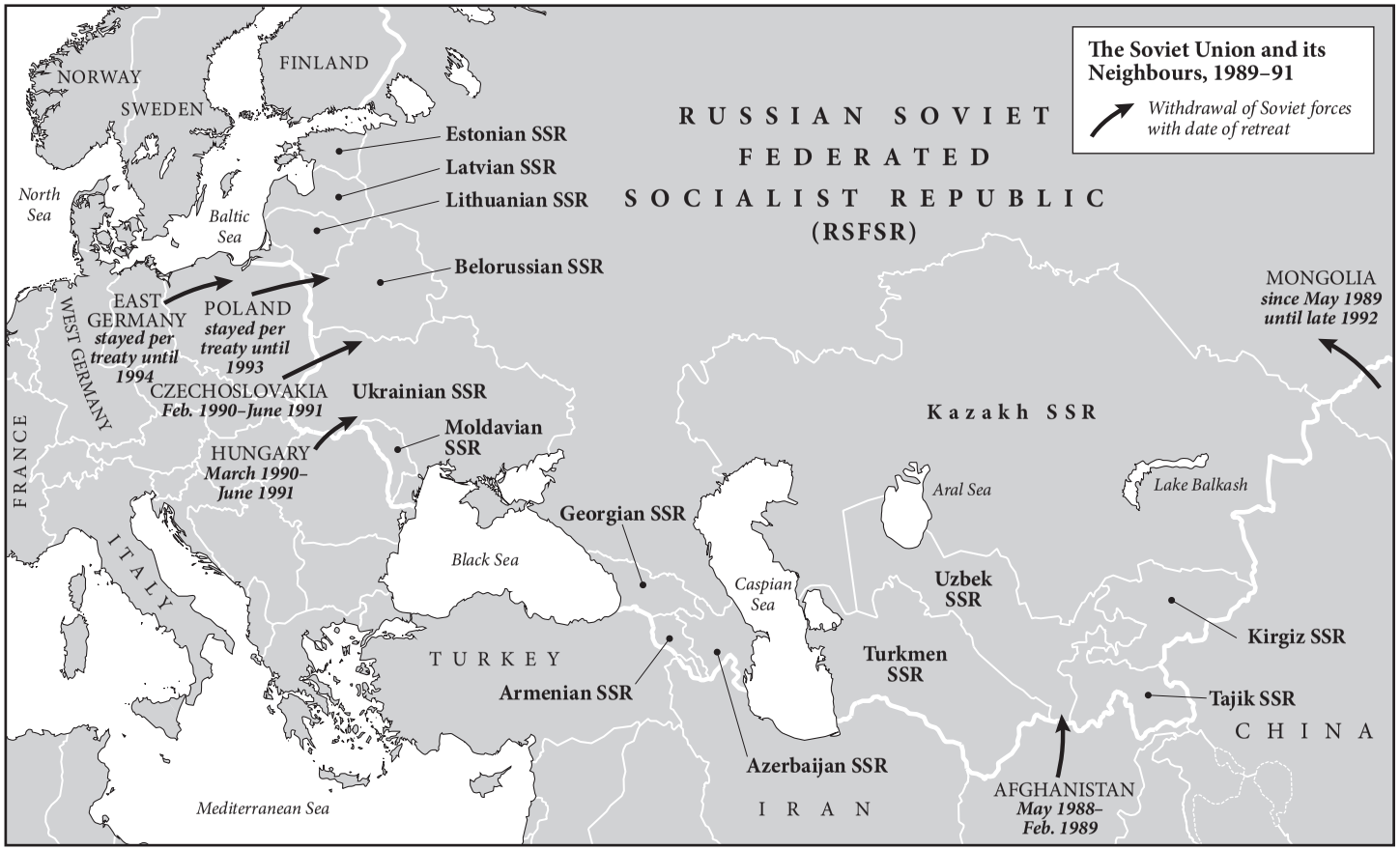
The meetings and interviews that I had with Western politicians and other individuals were essential for me to fully comprehend the complexity and delicacy of the Western, particularly the American, "factor" in the story of the Soviet collapse. I am grateful to the former Secretary of State, James Baker, for an interview and permission to draw on his papers, when they were still restricted. I was privileged also to be able to meet and interview Robert Zoellick, Condoleezza Rice, Strobe Talbott, William Odom, Philip Zelikow, Francis Fukuyama, Michael Boskin, Rodric Braithwaite, and Jack Matlock. My meetings and interviews with Michael Bernstam, Professor Emeritus at the Hoover Institution, shaped my views, heretofore rather amorphous, on the nature of Soviet economic reforms and the ensuing crisis. He also shared with me his personal collections of documents from 1990–2 and spent countless hours with me at Hoover's cafeteria and in his office, reminiscing and explaining.

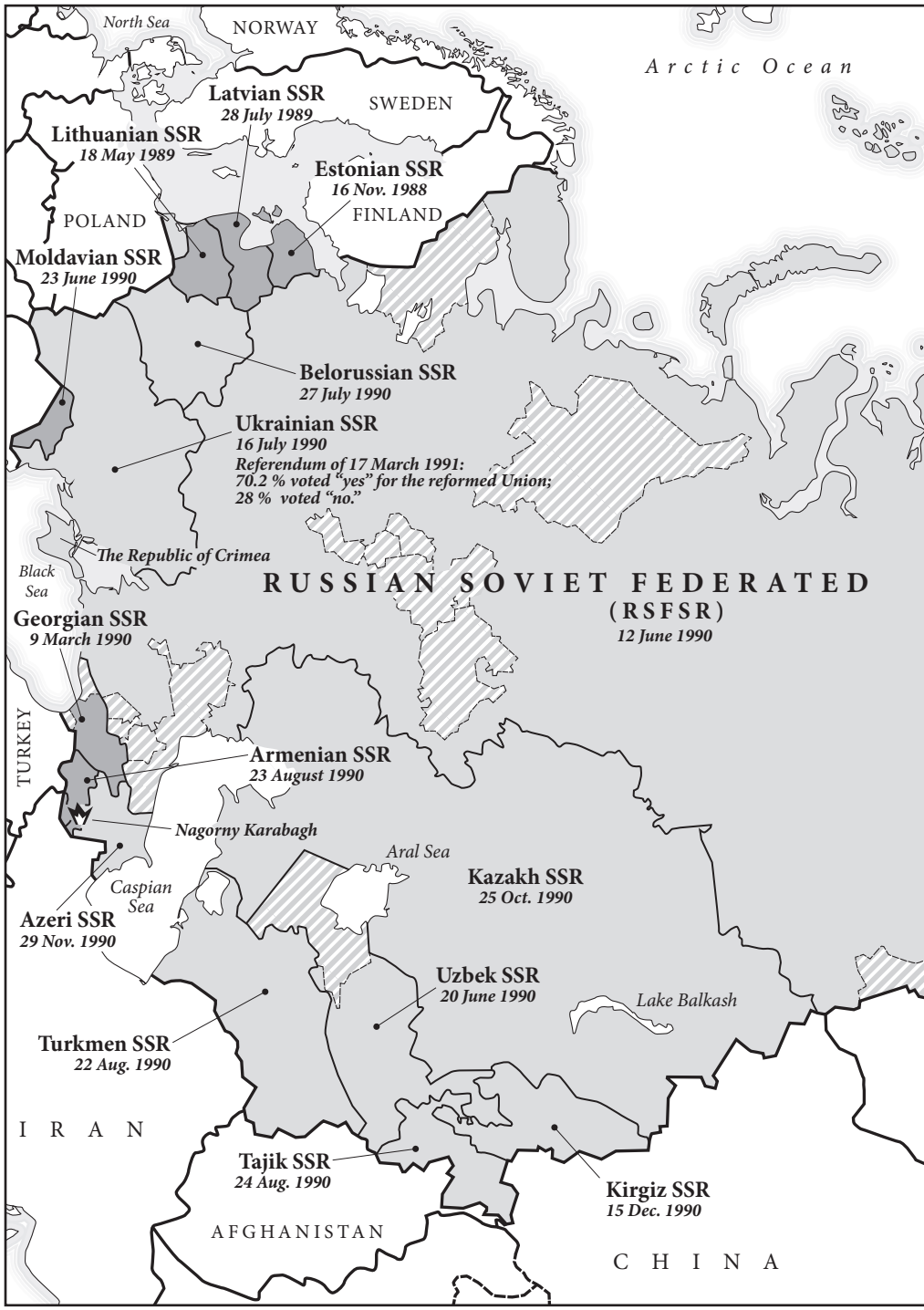
The manuscript benefited from the attention and suggestions of several readers, including Isaac Scarborough, Mikhail Bernstam, William Taubman,

Georgy Kasyanov, Svetlana Savranskaya, Benjamin Nathans, Elizabeth Charles, Mark Kramer, and Rodric Braithwaite. The Alexander Dallin lectureship at Stanford University, the Institute of Slavic, East European, and Eurasian Studies at the University of Berkeley, the Davies Center for Russian and Eurasian Studies, the "kruzhok" of Russian-Soviet history at the University of Pennsylvania, and the NYU Abu-Dhabi gave me opportunities to share the preliminary conclusions of my research with a broad array of historians, sociologists, and political scientists. Marty Sherwin, Mark Kramer, Yuri Slezkine, Georgi Derluguian, and Victoria Zhuravleva organized seminars to discuss my project and asked probing questions. Sergey Radchenko organized an online workshop of Cold War history scholars at the height of COVID-19, where part of my draft was discussed. In my Department at the LSE, I benefited from questions posed by my colleagues at a research forum arranged by David Stevenson and Steve Casey. Last, but not least, students of my course on Soviet history, year after year have prodded me to clarify the puzzle of the sudden Soviet disintegration.

Joanna (Jo) Godfrey offered my book to the wonderful Yale University Press, and gently suggested how I might prune the oversized manuscript. She also gave me helpful editorial advice. The two anonymous reviewers were warmly supportive of the book, but they also induced me to improve its structure and focus. The book could not have had a more careful reader than the editor Richard Mason. James Williams suggested including a digital timeline, which should help readers, including students, follow the thread of my narrative without getting bogged down in the details. In the final stages of my research, Irina Podkolzina, Riccardo Cucciolla, and Isaac Scarborough assisted me in extracting more evidence from Moscow-based archives and libraries. And during the copy-editing phase, when COVID made travel difficult, Nelly Rylkova from the Russian Historical Library in Moscow generously checked the notes and verified my sources. This amazing array of help notwithstanding, all oversights, factual errors, warts and all remain entirely my responsibility.

Although the process of writing a book is a solitary exercise, I depended on friends and loved ones to keep me going, rebound from inevitable fits of self-doubt, and infuse faith that this project would succeed. During the unexpected pandemic, this "social bubble" was doubly important to keep the writer sane. My mother Liudmila Zubok, my wife Yelena Vitenberg, and my son Mikhail Zubok sustained me with their care and affection. They had asked me so many times when I would be done with this book, that finally I decided to complete it.


The Soviet Union and its Neighbours, 1989–91
Withdrawal of Soviet forces with date of retreat
NORWAY
FINLAND
SWEDEN
North Sea
Baltic Sea
RUSSIAN SOVIET FEDERATED SOCIALIST REPUBLIC (RSFSR)
Estonian SSR
Latvian SSR
Lithuanian SSR
Belorussian SSR
EAST GERMANY stayed per treaty until 1994
WEST GERMANY
POLAND stayed per treaty until 1993
CZECHOSLOVAKIA Feb. 1990–June 1991
Ukrainian SSR
Moldavian SSR
HUNGARY March 1990–June 1991
FRANCE
ITALY
Black Sea
Georgian SSR
Caspian Sea
Aral Sea
Lake Balkash
Kazakh SSR
MONGOLIA since May 1989 until late 1992
Uzbek SSR
Kirgiz SSR
Turkmen SSR
Tajik SSR
TURKEY
Armenian SSR
Azerbaijan SSR
CHINA
IRAN
AFGHANISTAN May 1988–Feb. 1989
Mediterranean Sea


North Sea
NORWAY
Arctic Ocean
Latvian SSR
28 July 1989
SWEDEN
Lithuanian SSR
18 May 1989
Estonian SSR
16 Nov. 1988
POLAND
FINLAND
Moldavian SSR
23 June 1990
Belorussian SSR
27 July 1990
Ukrainian SSR
16 July 1990
Referendum of 17 March 1991:
70.2 % voted "yes" for the reformed Union;
28 % voted "no."
The Republic of Crimea
Black Sea
RUSSIAN SOVIET FEDERATED
(RSFSR)
12 June 1990
Georgian SSR
9 March 1990
TURKEY
Armenian SSR
23 August 1990
Nagorny Karabagh
Aral Sea
Kazakh SSR
25 Oct. 1990
Caspian Sea
Azeri SSR
29 Nov. 1990
Uzbek SSR
20 June 1990
Lake Balkash
Turkmen SSR
22 Aug. 1990
I R A N
Tajik SSR
24 Aug. 1990
Kirgiz SSR
15 Dec. 1990
AFGHANISTAN
C H I N A


The Soviet Union, 1989–91
SSR Soviet Socialist Republics with date of their declaration of "sovereignty"
Autonomous Republics that also proclaimed "sovereignty," August–October 1990
Republics which did not take part in the referendum of 17 March 1991
Republics which did take part in the referendum of 17 March 1991
Disputed between Armenia and Azerbaijan in 1988–91
USA
SOCIALIST REPUBLIC
Referendum of 17 March 1991:
71.3 % voters voted "yes" for the reformed Union;
71.3 % (the same voters) voted to introduce a new post of President of RSFSR, in addition to the President of the USSR;
26.4% voted "no."
Sea of Othotsk
Lake Baikal
MONGOLIA
CHINA
JAPAN
NORTH KOREA
SOUTH KOREA

INTRODUCTION
A Puzzle

"They've finally got rid of him, that windbag." I heard this comment from fellow passengers on board an Aeroflot flight from Moscow to New York, which had just made a stop at Shannon, Ireland. It was the morning of 19 August 1991, and it took me a few minutes to realize that these people were alluding to the removal of Mikhail Gorbachev from power. They had learned the news from CNN during the refueling stop, and they clearly approved of what they heard. The plane was full of Russians: some of them were flying to conferences and diplomatic assignments; most were going on private business, to see émigré relatives, and for other reasons. I was flying to the United States with several projects in mind. A few months earlier I had begun working as a Russian aide for the journalist Strobe Talbott and historian Michael Beschloss, who were writing a book about the end of the Cold War. In my bag, I was carrying tapes recording my interviews with Soviet officials. I had also decided to write my own book about the Soviet experience of the Cold War. The prestigious Amherst College in Massachusetts had offered me a fellowship to start my project, far from the turmoil of Moscow where I was born and had lived all my life up to that point.

The news about Gorbachev's arrest was completely unexpected. As a young Moscow-based academic intellectual, I had been rooting for his reforms and liberalization in the Soviet Union. Gorbachev had evoked big expectations, yet since 1990, together with my friends, I had switched my allegiance to Boris Yeltsin, who sought a radical break with the old order. Nobody among the people I knew had any doubt that the old system, the Communist Party, centralized economic management, and the "socialist choice" were doomed. Still, no one wanted to storm the Kremlin and tear down the structures of the state; everyone hoped for reform, not revolution. With my friends, I took part in democratic rallies, avidly read the work of economists who discussed how to

return from a command economy to a market economy, and supported independence movements in Lithuania and Georgia. After my plane arrived at New York's JFK airport, I bought a hefty copy of *The New York Times*. The newspaper informed me that Mikhail Gorbachev had apparently been ousted from power by the military and the KGB while on vacation in distant Crimea.

During the fall of 1991, I worked in the library and archives of Amherst College, but spent more time reading and watching the news from home. The immense relief when the coup failed and Gorbachev returned to the Kremlin quickly gave way to anxiety about the future. The Soviet economy was in free fall. Ukraine and other republics intended to leave the Union. My mind was exploding in cognitive dissonance: I found myself a citizen of a state that was collapsing and I could not share the excitement of American colleagues who joked that the USSR was now "the Union of Fewer and Fewer Republics." Fortunately, my wife and son were staying with me in Amherst. Life went on, and at the end of September my second son was born in a hospital in Northampton, Massachusetts. Yet a gnawing thought persisted: what sort of country would we be returning to?

We never got back to the USSR. On a return flight, my plane landed at Sheremetyevo, Moscow, on 31 December 1991, but by that time the leaders of the Russian Federation, Ukraine, Belarus, and other republics had dissolved the Soviet Union. Gorbachev had resigned. The dimly lit Sheremetyevo airport was empty: nobody to refuel the plane, nobody to operate a jet bridge, no customs officers, nobody even to check the passports and visas of arriving passengers. The new Russian state was the country of unprotected borders, without customs, with devalued currency, and empty stores. The immutable state structures seemed to have evaporated. The country that I had left just a few months ago in August had suddenly vanished.

For many years I wanted to write about the end of the Soviet Union. Yet I believed more time should pass before more dispassionate attitudes to this epic event could be formed. I waited in vain. As memories of 1991 faded, opinions and myths acquired a life of their own. What was a provisional insight became an established view, immutable just like the Soviet statehood had been before 1991. In the West, the Soviet collapse came to be universally accepted as predetermined and inevitable, something too self-evident to require further study.[1] When in 2005, Russian President Vladimir Putin called the Soviet collapse "the greatest geopolitical catastrophe of the century," most Western observers ridiculed him for his reactionary nostalgia. It was the time of Western liberal triumphalism and the enlargement of NATO to the East. This mood changed after Russia's war with Georgia in 2008 and the annexation of Crimea in 2014. Western commentators began saying that Russia wanted to restore its "lost

empire." In 2019, the Polish head of the European Council, Donald Tusk, said that "the collapse of the Soviet Union was a blessing" for Central and Eastern Europe, for Georgians, Poles, and Ukrainians.[2] Only a few in the West recalled that the Russian Federation had been a leading actor in the Soviet dissolution. Mikhail Gorbachev remained the lonely hero in the West, since everyone acknowledged that he had set inevitable historical developments in motion. When Gorbachev supported Russia's annexation of Crimea, it was dismissed as an atypical pronouncement. In Russia, reactions to the Soviet collapse remain polarized. Liberal-minded people believe that the Soviet Union could not be reformed, and that even to write about its "autopsy" was a waste of time. Good riddance to the empire that could not give its people even "bread and entertainment"! Others feel nostalgia for Soviet greatness and think that Stalin was a great leader, while Gorbachev had sold out to the West. Some of them were not even born when the Soviet Union collapsed.

Scholars who studied the end of the Soviet Union identified several causes of the state's demise. Their conclusions can be summarized as follows. First, the superiority of the United States and its policies in the Cold War had made the USSR retreat and surrender. Second, Gorbachev's glasnost had discredited both communist ideology and doomed the Soviet system to failure. Third, the Soviet Union had died because its economy imploded. Fourth, the movements for national independence had led to the implosion of "the last empire." Finally, the most powerful Soviet elites had opposed Gorbachev's reforms and thereby inadvertently caused the demise of the USSR. In this book, I argue that none of those causes, when taken separately, could have destroyed the Soviet Union. And it took me some time to understand how all those threads had converged in a kind of a perfect storm, unleashed by the rule of Mikhail Gorbachev.

The literature about external Cold War pressures argues that the Soviet Union collapsed because it was overstretched: it lost the war in Afghanistan, carried the unbearable burden of military expenditures, and subsidized its clients around the world. The Soviet superpower, some scholars contend, could no longer compete, militarily and technologically, with the United States and its Western allies. Yet recently, scholars have concluded that US pressures had little to do with the fall of the Berlin Wall and the end of the Cold War. And, at least since 1987, Western governments were surprised and dismayed by the Soviet Union's destabilization, and then disintegration.[3] Recently, more nuanced studies of the Western, especially American, factor in the Soviet collapse have appeared.[4] This book explores the external factors as secondary to the internal causes. International factors became crucial for shaping the behavior of the Soviet elites and counter-elites, but only after the Soviet Union had entered its terminal crisis.

Glasnost (Gorbachev's policy of openness and transparency) and the media's attack on the communist past and ideology greatly contributed to the rise of anti-communist and nationalist movements. Yet it is not entirely clear what role ideological breakdown played in the disintegration of the Soviet statehood. For the Soviet elites, especially in Moscow, Stalin's crimes and repressions had long been known. And the majority of those in the Party ranks, especially younger cohorts, had long been imitating socialist rhetoric, while acting on their real interests in a parallel universe of coveted foreign goods, travel, Western rock music, and mass culture.[5] The Party's ideological legitimacy had long been eroded, yet this was not the main reason why the Party had ceded its economic and political levers of power in 1990–91. That was Gorbachev's decision, a voluntary and unprecedented devolution of power.

The Soviet economic crisis played a central and often underestimated role in the last three years of Soviet history. In conjunction with revelations of past communist crimes, it contributed to mass discontent and mobilization against the central authority. It is axiomatic that the Soviet economic system was wasteful, ruinous, and could not deliver goods to people. What happened to the Soviet economy, however, remains a bone of contention. The oft-repeated explanations about the resistance of the Party, the military-industrial complex, and other "lobbies," are not convincing. Scholars who studied the Soviet economy concluded that the Soviet economic system was destroyed not by its structural faults, but by Gorbachev-era reforms. The purposeful as well as unintended destruction of the Soviet economy, along with its finances, may be considered the best candidate as a principal cause of Soviet disintegration.[6] This book is the first study of the Soviet collapse that pays closest attention to the economic and financial factors within a larger historical narrative.

Some scholars wrote that the Soviet Union was "the last empire" bound to collapse along its multi-national seams, just like other empires did. One authoritative study explains that nationalist movements began in Soviet borderlands, but then created enough resonance to mobilize the Russians in the core of "the empire"; the idea of secession from the Soviet Union became imaginable, and then began to appear inevitable. Mark Beissinger concludes that "the multiple waves of nationalist revolt and inter-ethnic violence" overwhelmed the capacity of the Soviet state to defend itself.[7] The break-up of the Soviet Union into fifteen independent states, along the borders of its republics, made this explanation self-evident, yet deceptively circular. The paradigm of "empire" can be challenged: it exaggerates the role of the nationalist movements, especially in the Baltics and Ukraine, in the Soviet collapse. It also underplays the most crucial and amazing factor: the repeated failure of the central state to defend itself. And it gives a superficial explanation to the defection of the Russian Federation, the

core of the Soviet Union.[8] This book offers a more comprehensive look, distanced from the imperial paradigm, at why so many Russians in Moscow wished away so fervently the Soviet statehood that in many ways had been their form of existence for decades.

Finally, there is the role played by the Soviet elites. Some scholars had already begun to question the old explanations of the "reactionary" and "hard-line" nomenklatura (the system whereby influential posts in industry and government were filled by Party appointees) that had allegedly opposed Gorbachev and obstructed his reforms. In fact, evidence shows that Soviet bureaucrats and officials were amazingly adaptive. Some scholars have written about "capitalist revolution" where Soviet nomenklatura abdicated the "socialist project" in order to grab national property for themselves. Others write about "uncivil society" and the crumbling of the centralized pyramid of patronage lines, crucial for state functioning. The attitudes of people in Soviet bureaucracies in fact varied from reactionary to liberal-democratic.[9] This book explores the changing outlook of the key Soviet elites in rapidly altering circumstances in a more fine-grained way than before. Above all, it dwells on their reactions to a failing economy, political anarchy, and ethno-national conflicts.

Many threads in the analysis of the Soviet collapse overlapped and created a widespread feeling of doom—with the result that ultimately the event became a self-fulfilling prophecy. Yet for a historian, this collapse presents a puzzle that does not quite click together. This puzzle became the main subject of this book.

Gorbachev lies at the center of this puzzle. The personality and leadership of the last Soviet leader helps to bring together many pieces in the story of Soviet dissolution. Scholars who sympathize with Gorbachev usually foreground his international policies and give short shrift to his domestic problems and failures, ascribing the latter to intractable historical and other factors, as well as to the resistance and treason of his enemies. This approach has been consistent in the books of Archie Brown, perhaps the most influential Western interpreter of Gorbachev's policies.[10] William Taubman, in his excellent biography of Gorbachev, finds faults in his hero, yet also refuses to call his reforms a failure. On the contrary, Taubman believes that Gorbachev "laid the groundwork for democracy" in the Soviet Union. "It is more the fault of the raw material that he worked with than of his own shortcomings and mistakes that Russian democracy will take much longer to build than he thought."[11] A leading Cold War historian, Odd Arne Westad, seems to agree. "The final drama of the Cold War became a purely Soviet tragedy," he concludes. Gorbachev could have preserved the country by force, but he "would rather see the union disappear . . ."[12]

The story of Gorbachev's best intentions and policies, however, begs for a realistic reassessment, with a more balanced exploration of social and economic

dilemmas. After all, as wise people say, "foreign policy begins at home," and one cannot claim a foreign triumph against the background of domestic chaos. Was Gorbachev a world visionary who was too good for his own country? This book draws international and domestic processes that affected the fate of the Soviet Union into one narrative.

The book rethinks the inevitability of the Soviet collapse. It addresses questions: Which other policy options were available to the Kremlin? Could a smart use of coercion and incentives, resolute actions and a bit of luck, have made a difference? Were there other much earlier choices and contingencies that, in the light of new evidence, constituted the points of no return? Many skeptics, when they heard me raising these questions, reproached me: the Soviet Union was doomed, they said, so one should celebrate its collapse, not interrogate it. Those arguments reminded me of what one scholar wrote about the Soviet collapse in 1993: "We tend to confer the mantle of inevitability on accomplished facts, and arguing that what happened did not have to happen is likely to be dismissed as inventing excuses for the losing side."[13] My book is not an exercise in "how the evil empire could have been preserved." Rather it is an attempt to be intellectually honest about what happened. History is never a sequence of inevitabilities, and the Soviet demise was no exception: it was full of contingencies. Unpredictability and uncertainty are fundamental features of human, state, and world affairs. Social movements and ideological currents are not rational, and political wills propel history in unexpected directions. Finally, there are accidents that have huge consequences. This last point resonated with me especially as I was finishing this book during the pandemic.

The American diplomat George Kennan, author of the doctrine of containment, told his students at the National War College, Washington, in 1946 that the Soviet threat to the West could be removed by a "gradual mellowing of Soviet policy under influence of firm and calm resistance abroad." Yet this mellowing, he warned, would be "slow and never complete." Another, more radical option, Kennan wrote, was "internal dissension which would temporarily weaken Soviet potential & lead to [a] situation similar to that of 1919–20." Kennan did not consider this option likely, yet it describes quite well what happened to the Soviet Union in 1991.[14] Nobody, including the most sagacious observers, could predict that the Soviet Union, which had survived the epic assault of Hitler's armies, would be defeated from within, by its internal crises and conflict. During the three decades that followed World War II, the power of the USSR had grown immensely and seemed to prove its resilience. Western leaders and opinion-makers spoke about "a Soviet superpower," a rival of the United States in both economic and military potential. The CIA and many Western economists even forecast that the USSR would outpace the United

States. In fact, the Soviet Union had always suffered from its economic and financial inferiority relative to the US. Its access to superpower status was enabled by a system that allowed the state's phenomenal concentration of resources to achieve a global projection of military might. This worked, however, only as long as the military power could be backed by a convincing ideological message and/or economic capacities. In the 1980s, when severe internal problems at the heart of the Soviet economy, its ideology, and society became apparent, Western observers feared that the Soviet Union might get a second wind. It did not. Yet even in 1990, the majority of observers, in Moscow and elsewhere, did not assume that the Soviet Union was doomed. Gorbachev and even his critics admit that, without the "coup" of August 1991, the Soviet state would not have collapsed so quickly and thoroughly.[15]

In this book, I try to break free from the straitjacket of the dominant narrative that the Soviet collapse was inevitable—the narrative created in the West and within anti-communist circles inside the Soviet Union. That narrative is still in demand, but thirty years after the Soviet collapse, the audience has changed fundamentally: there are now as many people born after 1991 as those who had experienced and can remember the Soviet Union and the Cold War. Both audiences will find much that is new in this book. The history of the Soviet collapse was never a script, known in advance. It was a drama of human ideals, fears, passions, and unanticipated developments. In these pages the reader will find many "fly-on-the-wall" episodes, when Gorbachev and others in the Kremlin debated reforms, agonized over what to do with ethnic conflicts and seceding republics, and contested responsibility and power. To make the texture of the historical narrative authentic, I give preference to instantaneous reactions, rumors, and fears, rare moments of optimism and frequent fits of despair, that characterized those times.

The book, without de-centering Gorbachev, introduces more Soviet actors, voices, and initiatives. I argue that, taken together, they were much more than "the Greek chorus" to "a purely Soviet tragedy" hinging on Gorbachev's choices. Throughout the book, the cast of characters keeps widening and diversifying. As Gorbachev delegated central powers and replaced the old Soviet power hierarchy with an "all power to the Soviets" system, many people began to feel that they were not passive onlookers, but had become participants in history, if not its makers. And late Soviet politics was not just a duel between Gorbachev and his fateful rival Yeltsin. The book presents a broad array of Party stalwarts, reformers, economists, diplomats, parliamentary deputies, KGB officials, the military, captains of military-industrial corporations, budding entrepreneurs, journalists, the Baltic nationalists, the Ukrainian politicians, and many others.

The book also reflects on the trajectory of the Western, and in particular the American, impact on the Soviet collapse, with government, non-governmental actors, and media playing an outsized role in Soviet imagination and politics. British and American sources, especially diaries and official dispatches, help to fill gaps and correct numerous imprecisions in Soviet records. Foreigners, just like at the outset of the Soviet regime, became both chroniclers of and participants in Soviet history. In 1990–91, the US administration, Congress, media, and non-governmental organizations became, willingly or unwillingly, participants in the radicalizing Soviet politics. The American factor loomed larger in the perceptions of those within the Soviet Union than Americans themselves ever suspected at the time. American soft power in the Soviet Union in 1990–91 was equal if not greater to what the United States had in Europe, when it introduced the Marshall Plan of 1947. This "American phenomenon" in Soviet politics was far more complex than political meddling or interference. Those in Russia who continue to speculate about an "American conspiracy to destroy the USSR" do not know what they are talking about. Many in the Soviet Union welcomed and invited the Americans to come and help transform Soviet society. It is remarkable how narrow-minded and unimaginative, albeit prudent, the American leadership was in wielding their enormous "soft power."

The sources for this book have been collected over at least three decades. They include personal observations, many conversations with senior Soviet politicians, diplomats, military, KGB officers, officials from the military-industrial complex, and people from diverse walks of Soviet life, the state, and society. Archives and libraries in Russia and other countries provided me with what individual memories could not. Contrary to common perceptions in the West, Russian sources on the end of the Soviet Union are extraordinarily open, rich, and widely available through a number of electronic databases. Particularly valuable for history are numerous stenographic records of what happened in the institutions of Soviet power, on parliamentary floors, at the meetings of the radical opposition, at numerous conferences of experts and pundits. There is also a tapestry of personal records, minutes, letters, and diaries that often allow one to reconstruct events with remarkable precision and sense the spontaneity of the moment. The second biggest treasure trove for this book were sources and interviews in the United States. They were often more insightful and analytically profound than Soviet accounts: after all, no one entity observed unfolding events in the Soviet Union more attentively than its superpower rival.

As I collected this evidence, I adjusted some of my pre-existing certainties and assumptions. I still believe, just like thirty years ago, that the central economy and Gorbachev's "socialist choice" were doomed, but I no longer have the same sense of inevitability about the Party's demise. In general, I was

surprised how clearly many people saw the separate strands of the approaching crisis, yet could not imagine that the whole state construction would fall apart. It was also surprising to see how many historical actors radically changed their views within a few years, influenced by political passions, fears, ideological illusions or delusions, and personal ambitions. Those changes provided an unmistakable sign of revolutionary times.

Even well-known evidence looks different from a greater distance. The role of ideologies in the final phase of Soviet history looms larger to me now than when I was a witness to and participant in, the events. When I was young, I dismissed Gorbachev's neo-Leninist proclamations as mere rhetoric; the evidence reveals that it was absolutely genuine and heartfelt. Equally striking for me today is the explosive spread of ideological anti-communism and American-style liberalism, especially in economics. At the time, it looked "natural" and a "return to common sense." I also became stuck by the utopian nature of the home-grown projects and ideas of reforms that sprang from the democratic-minded intelligentsia in Moscow and elsewhere. What looked like "having no alternative" then, now appears to me as fanciful, naïve, and a prognosis of catastrophe. This is not to criticize the actors of history with the wisdom of hindsight, but to historicize their motives and passions. My biggest surprise, however, came from my realization of the decisive and implacable role of money in the Soviet demise—something, given my Soviet background of economic ignorance, that I completely missed.

At first, I wanted to start my account of the Soviet collapse in January 1991 and stay focused on month-by-month developments. Soon I realized, however, how crucial it was to explain to the reader, particularly the younger reader, the previous years of reforms, high hopes, mobilization of nationalism, impatience, and radicalization—before they gave way to the frustration, fears, and resignation of 1991. My narrative now begins with Yuri Andropov in 1983, when the ex-KGB leader and General Secretary of the Communist Party (1982–84) had tacitly revived the idea of reforms from above. The first part of the book, chapters 1–6, explains how Gorbachev and his reform-minded entourage transformed the conservative reforms from above into a revolutionary gamble and ultimately removed the critical props on which the Soviet system and state were resting. In this part I demonstrate how anti-systemic energy, accumulated by many years of Soviet one-party rule, had been magnified by Gorbachev's unsuccessful reforms, and released into the domain of public politics. The second part of the book, chapters 7–15, covers the collapse itself. The book revisits familiar aspects of this story, but adds much new information that will be unfamiliar to the reader.

I have completed this book with a conviction that the puzzle of the Soviet collapse is not a purely academic problem. In almost any conversation with

Russians or Westerners alike in the years since 1991, they have reacted to my topic vividly and with curiosity. Why had Gorbachev, a prophet of change abroad, some asked, become an epitome of failure and ineffectiveness at home? Was there back then really a threat of a new dictatorship? Did Gorbachev's project of a new voluntary union of democratic states stand a chance of success? Was the new Russia that emerged in 1991 doomed to return to authoritarianism or was there a missed opportunity? I hope this book will satisfy this curiosity and arm the reader with a much better understanding of a great geopolitical and economic upheaval, one that gave birth to a new world.

CHAPTER 1

PERESTROIKA

The task is . . . to work out a system of logistical, economic, and moral steps that would make old modes of work unprofitable, that would encourage renovation of equipment and managers.
Yuri Andropov, 15 June 1983[1]

We just can't go on living like this.
Mikhail Gorbachev, March 1985

THE KGB REFORMER

The idea of renovating the Soviet Union originated not with Mikhail Gorbachev, but with his mentor Yuri Andropov. For years after the Soviet collapse, many said wistfully: "If only Andropov had lived longer." They meant that under his leadership the country could have been reformed yet be held together. In fact, Andropov made the idea of renovation possible and left his heir apparent Gorbachev with the task of promoting it.

Andropov was born in June 1914, two months before the outbreak of World War I. His family origins are the subject of controversy.[2] He claimed to be of Cossack descent, yet in reality he was born into the family of Karl Finkelstein, a Jewish merchant from Finland, who had moved with his family to Moscow and opened a jewellery shop on 26 Big Lubyanka street. Had Andropov been born a few decades earlier, he might have become an entrepreneur or even a banker. Instead, he concealed his origins, made a Party career during Stalin's terror, and ended up in another office on Lubyanka street, as the head of the KGB (1967–82). He was ruthless, clever, and resourceful. He cultivated influential sponsors and transformed the KGB into a modern corporation specializing in surveillance, secrecy, and espionage.

Andropov was helpful to an aging Leonid Brezhnev, then General Secretary of the Communist Party, on many fronts: his KGB agents procured a secret channel to the West German leadership in 1969, which enabled the start of European détente; Andropov crushed dissent within the Soviet intelligentsia by consigning human rights defenders to mental asylums; he also proposed the forced emigration of dissidents and Jews from the Soviet Union, instead of oppressing them at home; he even provided the Soviet leader with foreign-made sedatives to combat his insomnia.[3] Andropov let Brezhnev down only once: in 1979 he convinced him to move Soviet forces into Afghanistan "to save the socialist regime." He promised it would be a short-term operation. Brezhnev forgave "Yura" this mistake. He wanted Andropov to be his successor. Shortly before his death, Brezhnev moved him from the KGB to the Party apparatus and asked Andropov to lead the Secretariat in his absence. This was the Soviet leader's final gift to his protégé. When Brezhnev died in his sleep in November 1982, Andropov succeeded him without a glitch.

The majority of Soviet people welcomed Andropov as a long-expected strong leader. The intelligentsia, however, oppressed and controlled by the KGB, shuddered at the prospect. Andropov's gaunt face and dour demeanor called to mind the Great Inquisitor from Fyodor Dostoyevsky's *The Brothers Karamazov*: the omniscient man without mercy. Andropov did not interview candidates for jobs in his personal entourage. When one man said to him: "Let me tell you about myself," Andropov replied without a touch of irony: "What makes you think that you know more about yourself than I know about you?"[4]

Andropov was in favor of controlled, conservative reforms.[5] The key to his approach was his experience as the Soviet ambassador in Budapest, Hungary, in 1956, the year when a huge protest erupted against the communist rulers. On 31 October, influenced by Andropov's reports, the Soviet leader Nikita Khrushchev and his Party colleagues launched "Operation Whirlwind": 6,000 Soviet tanks crushed the uprising and set up a puppet government. Andropov kept referring to "the unfortunate Hungarian events" for the rest of his life. It was perhaps his closest brush with violent death. His wife never fully recovered from her nervous breakdown.[6] From the carnage of Budapest emerged Andropov's political credo: deal with dissent ruthlessly, but cautiously; prepare reforms from above before it is too late; do not waver or flinch from the use of force when necessary.

From the early 1960s, when he worked in the Party apparatus in Moscow, Andropov surrounded himself with scholars and intellectuals. He wanted to know what the intelligentsia thought; he was also interested in the problem of modernization and renovation of Soviet economy. Andropov's intellectuals were people of the war generation, who believed in Marxist-Leninist socialism, were shocked by revelations of Stalin's crimes, and dreamed of reforms from

above.[7] One of them, Georgy Shakhnazarov, a philosopher and sociologist, recalled a discussion between them: what could be a viable communist model that might replace the Stalinist model? Andropov invited his intellectual "consultants" to speak with absolute candor.[8]

Andropov posed Lenin's famous question: What is to be done? How to make the Soviet state function well as an instrument of socialism? Shakhnazarov responded: the problem was the stifling Party diktat. Without "socialist democracy" and genuine elections, the consultant argued, the Party bureaucracy would always act as a class with vested interests, and would not care about people's well-being. Andropov's face darkened. He cut Shakhnazarov off. In the past, he said, the Soviet system had accomplished fantastic, nearly impossible things. The Party bureaucracy, he acknowledged, had got "rusty," but its leadership was ready "to shake up" the economy. It would be a folly to dismantle the Party-State prematurely. "Only when people begin to feel that their life improves, then one can slowly loosen the yoke on them, give them more air . . . You, the intelligentsia folks, like to cry out: give us democracy, freedom! You ignore many realities."[9] "In some unfathomable way," Shakhnazarov recalled, "two different men co-existed in Andropov—a man of the Russian intelligentsia, in the common sense of this word, and a bureaucrat who saw his vocation as a service to the Party."[10]

In Andropov, the hard line always trumped reformism. In 1965–67, he supported the conservative economic reforms in the Soviet Union. Yet in 1968, he argued in favor of the Soviet military invasion of Czechoslovakia, where the Party reformers unleashed "socialist democracy." The occupation of Czechoslovakia turned, however, into a strategic defeat for the Andropovian vision of renovation. General Secretary Brezhnev shut down economic reforms; in fact, even the word "reform" became a taboo for fifteen years. The KGB under Andropov's command purged Party reformers, while careerists and corrupt officials, whom he despised, filled all nooks and crannies of the ruling nomenklatura.

When Brezhnev appointed him as his successor, Andropov knew that he would inherit huge problems. Soviet troops were in Afghanistan, détente with the West had failed, and Ronald Reagan was in the White House. In Poland, workers were demanding lower prices for food, and, with the help of dissident intellectuals, had created the Solidarity movement back in 1980. This time Andropov concluded that Soviet tanks could not help. The Polish state accumulated $27 billion of debt to Western banks, which came with high interest. The Soviet Union was unable to bail out its Eastern European client. In a conversation with the head of the East German secret police, the Stasi, Andropov informed him that the West was waging a financial war against the Soviet bloc. Washington had tried to block the construction of a new Soviet gas pipeline to Western Europe, a major source of currency for Moscow. Andropov added that

American and West German banks "have suddenly stopped giving us loans."[11] The Soviet Union could fall into the same financial hole in which Poland already found itself.

The first thing the new Soviet leader did was to destroy "the rust" in the Party-State apparatus. The KGB arrested several top men in the Soviet "shadow economy" that, some estimated, accounted for 20–25 percent of GDP. In the Moscow trade system, the top of the criminal pyramid, over 15,000 people were prosecuted, among them 1,200 bureaucrats. He also prosecuted corrupt clans in the Soviet republics; the largest case was the "cotton affair" in Uzbekistan, which had divested the Soviet budget of billions of rubles and involved the entire Party bureaucracy. Andropov also used police methods to restore work discipline across the country.[12]

All this was merely preparation for the next stage. Andropov now ordered the Economic Department of the CC CPSU (Central Committee of the Communist Party of the Soviet Union) to map out a road toward economic reforms. His choice to lead this effort was fifty-three-year-old Nikolai Ryzhkov, former director of a huge military plant, then the head of Gosplan (the State Planning Committee that set goals for the Soviet economy). Ryzhkov recalled Andropov's instructions: "Let the Party apparatus mind their business, and you should tackle the economy."[13] Ryzhkov recruited a team of economists and sociologists who had been involved in the economic reforms of the 1960s. (All of them will feature in subsequent chapters of this book.)[14] "For years," Ryzhkov remembered, "those people had been working in a vacuum, multiplying one abstract theory after another. And suddenly their 'heretical' thinking was in demand at the very summit of power."[15]

In January 1983, Andropov met with Shakhnazarov again, at a conference. The Soviet leader said to his former consultant, "You know, we have only begun to deploy reforms. A lot needs to be done. We should change things radically, fundamentally. You always had some interesting ideas. Come to see me. We should talk . . ."[16]

Andropov, just like Deng Xiaoping in China at the time, realized that modernizing the Soviet economy would require Western technology, know-how, and capital. He once asked Ryzhkov what he knew about the reforms of Lenin's New Economic Policy (NEP) in the 1920s. Was it possible, for instance, to lease Soviet economic assets to foreign companies? Ryzhkov said he knew nothing about this. Andropov responded: "Neither do I. Do research on this, and come back." Finally, somebody found a history thesis on this subject, buried in Moscow's central library.[17]

Andropov was keenly aware that the Cold War rivalry with the West, as well as the existing imperial burden, clashed with the Soviet need for renovation.

"The most complex problem," Andropov confessed to Erich Mielke, head of the Stasi, in 1981, "is that we cannot avoid the strains of military expenditures both for us and the other socialist countries." He also could not give up on Soviet clients, such as Vietnam and Cuba, as well as "progressive forces" in Laos, Angola, Ethiopia, and other countries. Without this burden, Andropov said, "we could solve all the other problems in two or three years." Also, Reagan's belligerent course in foreign policy remained the main challenge for Andropov's reforms. In March 1983, Reagan launched an ambitious Strategic Defense Initiative (SDI) to stop incoming Soviet missiles; the US military complex was flushed with money. American financial resources seemed unlimited. The NATO members, Japan, and the Arab states helped fund the American state debt and budget, including military expenses. The Cold War balance was shifting in favor of the United States.[18]

In contrast, Soviet revenues and finances were precarious. The problem, contrary to customary Western claims, lay not in the "crushing" defense outlays. The Soviet military, the military-industrial complex (MIC), and R&D were remarkably cost-effective; according to the best available estimates, they never exceeded 15 percent of GDP. A leading Western expert on the Soviet economy admitted, long after the Soviet collapse, that nobody in the leadership "saw the Soviet Union being crushed under an unbearable *military* burden." In economic terms, this expert acknowledged, "the Soviet Union had a revealed comparative advantage in military activities." It was not the military burden, significant yet small for a superpower, that endangered the Soviet economy and state.[19]

The problem was the growing Soviet engagement with the global economy and its own finances. The Soviet balance of trade depended entirely on high oil prices. The debonair Brezhnev, in contrast to Stalin, had never bothered to accumulate a stabilization fund, to save money for the future. At the Party Plenum of November 1982, Andropov denounced the growing Soviet import of grain, fats, meat, and other food products. "I don't want to scare anyone but I will say that over recent years we've wasted tens of billions of gold and rubles." Instead of using its oil profits to import Western technology, the Soviet Union used them to import food and subsidize its satellites. Poland at least could have expected the Soviets to help them out with Western debts. If the Soviet Union were to be engulfed in debt it too would be left to its own devices, and the United States would take advantage of this. Andropov spoke ominously about the "currency war" that the Americans were conducting against the Soviet bloc countries. The secret data on the imports and other profligacies of Brezhnev's rule were released to the Party activists of the key Soviet institutions.[20]

At the Politburo on 30 June 1983, Andropov returned to the topic of the newly vulnerable position of the Soviet Union vis-à-vis global economic and

financial markets. "Our import has been growing, but we buy a lot of rubbish, instead of technologies. Western countries take our resources, but the rest of our products cannot compete." The Soviet leader ordered the Gosplan and ministries "to think" about increasing the export of machinery and oil products. Instead, the Soviet republics and state enterprises asked for more subsidies. "They do not count money, do not seek additional financial resources, they got into the habit of begging." Andropov proposed cuts in imports of foreign food. He also planned to gradually reduce Soviet subsidies to Eastern European countries, Mongolia, and Cuba. "This is not a community," he said with some emotion to Ryzhkov about the Soviet economic bloc. "This is a vulgar robbery."[21]

The preparations for reforms took place in complete secrecy. "Even deputies in the Gosplan did not know what we had been working at," recalled a member of Ryzhkov's team. "[Andropov] concluded that the old system of rigid planning from the top had exhausted itself . . . We had to demonstrate to the bureaucracy that cooperatives, with their greater economic liberties, would make more profits than state enterprises. In the document we prepared we did not speak openly about private property, but we laid out an idea of having, next to state ownership, also cooperative ownership." Andropov backed those ideas.[22] A senior official of the State Bank remembered: "We understood that the enterprises needed more rights . . . The situation when the center was responsible for everything . . . throttled economic development." Andropov instructed the State Bank to shift from distribution of state investments to competition. "Other ministers should come to you," he said to the Minister of Finance, "crawling on their bellies, begging for money."[23] In July 1983, the Council of Ministers restated some notions of economic liberalization. In January 1984, with the approval of the Politburo, a pilot economic experiment was launched in some industries within Ukraine, Belorussia, and Lithuania. It was here where the reforms of 1965–68 had come to a standstill.[24]

Andropov had enough power, but he lacked the time necessary to carry out further reforms. In declining health, his kidneys failed completely in February 1983, so he was subsequently on dialysis. His last appearance at the Politburo was on 1 September 1983. Andropov went to a Black Sea resort and returned to Moscow only to be hospitalized. He died on 9 February 1984 from acute kidney failure.

Andropov's main contribution to Soviet reforms was the team of people and academics he had brought into the Politburo and the Soviet government. It took them a further two years to launch the reforms he had initiated. The key man whom the ex-KGB reformer had groomed to continue his policies was Mikhail Gorbachev.

A LENINIST IN POWER

"We owe him everything," said Raisa Gorbacheva about Andropov. Her husband Mikhail Gorbachev had first met the KGB chief in April 1969. Andropov, who was already suffering from kidney problems, had come to Kislovodsk, a famous Soviet spa in the Stavropol region at the foot of the Caucasus. Gorbachev entertained Andropov on behalf of the regional Party leadership. They began to meet every summer thereafter. In 1978, also in Kislovodsk, Andropov set up a meeting to introduce Gorbachev to Brezhnev and his entourage. In September of that year, Gorbachev became the first man from the post-war generation to be promoted to the Politburo.

Andropov had discovered in Gorbachev his better alter ego. Mikhail Sergeyevich Gorbachev was born on 2 March 1931 to a Russian-Ukrainian family: both his father and mother farmed the land. They lived in the village of Privolnoye in the Stavropol region. This was Russian land with rich soil, which faced the majestic Caucasus mountains. Like Andropov, Gorbachev had been raised in the extremely humble conditions of farm life and grew up singing Cossack songs, yet he embraced the world of learning, sophistication, and high culture. Admitted to Moscow University in 1950 aged nineteen without having to sit exams— a reward for raising a record harvest—the young Gorbachev chose to study law. He found his match in Raisa Titarenko, a pretty Ukrainian from Siberia, a student of philosophy. They married in Moscow in 1953. Gorbachev joined the Party when he was a student and worked as an official in the Komsomol, the official youth organization. He was about to start work in Moscow, either in the Procurator's office or with the KGB. The state "distributed" graduates in a mandatory way to various locations and jobs across the Soviet Union, therefore the young couple had to go back to Gorbachev's home province in 1955.

Around that time Raisa had a nightmare that she shared with her husband. She dreamt that both of them fell to the bottom of a very deep, dark well. Then, with an enormous effort, cutting themselves and bleeding, they managed to climb up and drag themselves out of the well. A broad alley of trees then opened before their eyes, illuminated by the bright sun in which the alley seemed to be dissolving. Their hearts filled with anguish, flanked by dark shadows, they began to walk towards the sun . . . The nightmare had a touch of Hollywood drama. Mikhail and Raisa interpreted it as a sign of predestination. They felt expelled from the cultural paradise of Moscow into the milieu of Party provincial hacks and peasantry in Stavropol. Nevertheless they were determined not to sink into this morass, but instead to advance culturally and intellectually. Raisa became the main engine behind this effort. They read and discussed books of history, sociology, and philosophy, as well as thick literary journals.

They took every opportunity in their occasional trips to Moscow to visit theaters and art galleries. Gorbachev was interested in both philosophy and political theory, reading them through the lens of Marxism-Leninism. All this turned him into a uniquely interesting interlocutor for Andropov.[25]

Andropov looked for Party reformers who would not become corrupt. Ryzhkov was one. Gorbachev was another. Unlike Andropov, Gorbachev's communist convictions were not darkened by years of terror, betrayal, and carnage. In the provincial Soviet nomenklatura, where men habitually drank, beat up their wives, and had extramarital affairs, Gorbachev was a paragon of virtue. His sparkling eyes, irresistible charm, unflagging optimism, and ebullient self-confidence contrasted with the atmosphere of cynicism and pessimism pervading in Moscow.

The Old Guard members of the Politburo were the last obstacle to Gorbachev's ascendancy. They ignored Andropov's wishes and elected Konstantin Chernenko as the next leader. Chernenko's brief tenure (1984–85), however, only made Gorbachev's candidacy that much stronger. Almost everyone yearned for a change after the decade of the ruling gerontocracy. Chernenko passed away on 10 March 1985, and all fingers then pointed at Gorbachev. Andropov's people in the Politburo and Secretariat lobbied hard for his election as leader. In addition to Nikolai Ryzhkov, this group included Yegor Ligachev, who was in charge of Party cadres in the Secretariat, the KGB chief Viktor Chebrikov, and the Politburo member for the Russian Federation, Vitaly Vorotnikov. Andrei Gromyko, the last key man of the Old Guard and Minister of Foreign Affairs, could not ignore this collective mood and nominated Gorbachev as the next Party leader. The Party Plenum voted for Gorbachev not out of a sense of duty and obligation, as they had for their recent leaders, but with apparent enthusiasm.

On the evening before his nomination at the Politburo, Gorbachev took his usual walk with Raisa. In his memoirs he claimed that his wife expressed her fears: "Do we really need this?" Those doubts were a comment on Gorbachev's career: he never fought for power, never had to remove his enemies, never used force to achieve his goals. It would hardly be possible to avoid asserting himself after assuming supreme Soviet power. Gorbachev reminded Raisa that, when he joined the Politburo, he believed he could help to change things in their country for the better. Yet he had in fact achieved nothing. "So if I really want to change anything, I have to accept the position . . . *We just can't go on living like this*."[26]

Many years later and with masses of archives mined, people still refuse to accept the sincerity of this phrase. One old practitioner wrote: "We know more about Gorbachev's actions than about his motivations and still lack a fully satisfactory explanation of his political evolution from 1985 to 1989 and beyond."[27]

William Taubman, the prize-winning American author of Gorbachev's authorized biography, begins his account with the phrase: "Gorbachev is hard to understand." Taubman concluded that Gorbachev was a unique "tragic hero" who attempted to change Russia, laid "the groundwork for democracy," but predictably failed in constructing a new state, society, and economy. A Russian biographer of Gorbachev writes about him as "a victim of a merciless caprice of history . . . One of the most tragic figures in Russian history."[28]

Gorbachev certainly did not expect in 1985 to be remembered as the leader who destroyed the country that he tried to change. The name he chose for his course of action was "perestroika"—restructuring or renovation. After Andropov's death, however, Gorbachev chose a revolutionary mentor, the man who had destroyed Russia. This was Vladimir Lenin, the author of the Bolshevik dictatorship that emerged in 1917, and the architect of the Soviet Union. For the next five years, Gorbachev would invoke Lenin's name constantly, not only in public speeches and at the Politburo meetings, but in private conversations with his closest advisors. Gorbachev did not use Lenin's quotations, like his predecessors, to assert his legitimacy or outdo his rivals. He identified with Lenin. He was the last true Leninist believer.[29]

As a student at Moscow University in the 1950s, Gorbachev looked at the Bolshevik leader through a romantic lens. "Dear Ilyich" had opposed tyranny and injustice, adopted mass terror only reluctantly, and died tragically early, trying to remove Stalin. This myth became an ideology of Gorbachev's cohort: Lenin was an ideal; Stalin was the flawed reality. The myth began to fade after 1968, yet it lived on in Russian provinces and reform-minded Party apparatchiks.[30] Gorbachev considered Lenin to be a genius of pure revolutionary intuition. Lenin's authority, he believed, stemmed from theoretical insights, not from the exercise of power, terror, and fear. Gorbachev's aide Anatoly Chernyaev looked at Lenin through a similar lens. Gorbachev, he wrote in his diaries, "did not play Lenin: he is like him by nature." Another close aide remembers that the Soviet leader kept volumes from Lenin's collected works on his desk and "would often pick one up in my presence and read aloud, comparing it to the present situation and extolling Lenin's perspicacity." This veneration of Lenin, observes Taubman, helped Gorbachev move with remarkable ease into the role of leader of a superpower. Like the revolutionary prophet, he was on a mission not only to change the Soviet Union, but also to transform the world. As Gorbachev evolved, "his Lenin" evolved as well.[31]

The Soviet leader found soulmates who shared his neo-Leninist zeal. One of them was Alexander Yakovlev, a Party ideologue who had been "exiled" during Brezhnev's rule to become ambassador to Canada. Gorbachev met Yakovlev during his visit to Ottawa in 1983. During a tour of Canadian farmlands, the

two officials, both peasants by birth, began to discuss the woes of Soviet agriculture and digressed into Marxist-Leninist theory in search of a theoretical key to understand what had gone wrong. They agreed that "everything" in the Soviet Union needed a revolutionary jump-start. Gorbachev managed to convince Andropov to bring Yakovlev to Moscow and appoint him director of IMEMO, a leading think tank. After Andropov's death, Yakovlev joined a small circle of individuals where Gorbachev discussed his ideas for reform. "We have been hibernating for fifteen years," Yakovlev said at a closed meeting of Party propagandists in August 1985. "The country weakens, and by the year 2000 we will become a second-rate power."[32]

In December 1985, Yakovlev sent Gorbachev a synopsis for future political reform. The leader's task, Yakovlev wrote, was to channel the pent-up frustration in Soviet society into radical change. The focus must be on political reforms. Yakovlev proposed to remove the Party from management of the economy. "Socialist democracy," decentralization, and glasnost (free discussion of problems) would liberate the USSR from the "dictatorship of bureaucracy." The pinnacle of the political reforms Yakovlev envisaged would be a democratic system of two parties, one Socialist, the other People's Democratic, with both holding regular elections. The supreme power would belong to the President of the USSR. Lenin's quotations peppered the memo. The ultimate goal, Yakovlev wrote, was "to transform every man [and woman] into a real master of the land."[33] The memo rejected the logic of conservative reformism and sided with the arguments Andropov had rejected many years before in his talk with Shakhnazarov.

Gorbachev read Yakovlev's memo; its ideas found a way into his speech to the Party Congress in February 1986, the first such gathering since Brezhnev's death. The Soviet leader had spent weeks, with Yakovlev and a few aides, brainstorming, drafting, and redrafting the text. Each workday lasted ten to twelve hours: Gorbachev had stamina that few could match. The date of the speech was highly symbolic: thirty years before, to the day, Khrushchev had denounced Stalin's crimes and urged all communists "to go back to Lenin." Gorbachev began to read his address on 25 February at 10 a.m. and—with breaks for coffee and lunch—spoke for five and a half hours. The mammoth document defined Brezhnev's period as "the time of stagnation" and included the key words from Yakovlev's memo: "democratization," "de-centralization," and "glasnost." Gorbachev also spoke about the need for "perestroika," a new code word for radical reforms, and about "the new thinking," which aimed to revise the ideological orthodoxy. He finished with a crescendo: "This is how we will be able to fulfill the farewell wishes of the great Lenin: with energy, unity of will, we will go higher and march forwards. We know no other destiny, and, comrades, how

beautiful is this destiny!" Five thousand Party leaders and cadres stood up to applaud him. It is impossible to say how many of them acted sincerely. One man certainly did: Gorbachev himself.[34]

Despite his neo-Leninist rhetoric, Gorbachev could not decide on a strategy of reforms during his first two years in power. As an admirer of Lenin, he searched for some key leverage that could revive Soviet society and the economy. Yet he also heeded Andropov's conservative advice: before any radical political changes, suggested by Yakovlev, Soviet people should feel tangible improvements in the economy. Soon after coming to power, therefore, Gorbachev listed the economic and social problems he wanted to address: "1) Quality; 2) Struggle against drinking; 3) People in need; 4) Land for orchards and gardens; 5) Medicine."[35] Surprisingly, the list did not include the pressing issues that Andropov had raised about Soviet macroeconomic stability: the need to reduce the import of food, restore the balance of trade, crack down on the shadow economy, and discipline the labor force. Gorbachev's notes did not contain any diagnosis of the economic and financial problems plaguing the Soviet Union.

The Politburo discussions during Gorbachev's first two years in power revealed uncertainty about how to bolster the Soviet economy. Everyone agreed that it was vital to generate economic growth. The official slogan was "acceleration." But how to bring it about? At the same time, Gorbachev did not even include Ryzhkov and his reform-minded economists within his narrow circle of advisors. Nikolai Tikhonov, an old Brezhnev crony, remained as head of the Council of Ministers; Ryzhkov assumed this post only in late September 1985.

The biggest change that affected millions of Soviet people in 1985–86 was "the struggle against drinking." The idea had originated with Yegor Ligachev, another protégé of Andropov and now Gorbachev's deputy in the Politburo. Both men hated the Russian habit of binge drinking. The problem was that the tax on alcohol procured one-third of Soviet GDP. Andropov had also recognized this issue, but his solution was to fine and punish drunkards, not to ban alcohol. The Soviet Minister of Finance argued in vain to the Politburo that it would not be possible to replace the precious revenues from vodka with other products that people would buy, especially in towns and the countryside. A radical policy to cut alcohol consumption was implemented in May 1985. It was the third prohibition in Russian history: the first was in 1914, when the First World War broke out, and the second in 1941, when Germany attacked the USSR. The Party cadres, intimidated by Ligachev, overreacted: new breweries, purchased from Czechoslovakia, were left to rust; thousands of hectares of selection vineyards in Crimea were bulldozed; the makers of fine wine lost their jobs; some even committed suicide. The consumption of vodka, wine, and beer plummeted. In the longer term, hundreds of thousands of Soviet people would

live a bit longer and healthier children would be born. Yet the budgetary disaster was immediate and long-lasting: the sales of vodka fell from 54 billion rubles in 1984 to 11 billion in 1986.[36] Another immediate casualty was Gorbachev's popularity. It plummeted and never fully recovered.[37]

Another unfortunate initiative in 1985–86, implemented later, was the struggle to improve the quality of Soviet goods. For decades, Soviet state enterprises had produced out-of-fashion clothing, poor shoes, badly manufactured TV sets. People refused to buy them and instead chased after quality imports; the unsold materials clogged numerous state warehouses. Soviet economists blamed the nature of centralized planning: the production from enterprises was measured in tons and numbers, not in sales figures. Gorbachev's Politburo ignored the economists. In May 1986, Gorbachev and Ryzhkov signed a decree that made all state enterprises subject to the State Inspection (*Gospriemka*), special teams of skilled specialists and workers. The influence of Lenin's works on this reform is striking. Shortly before his death, the Bolshevik leader had recommended the creation of "Worker's Inspection." Gorbachev, who knew Lenin's works by heart, was convinced that a new administrative tool staffed with "honest Soviet people" would make "socialist production" work better. In January 1987, 70,000 inspectors went to work.[38] This resulted in an immediate crisis of supply: most of the products from thousands of state enterprises, estimated to cost 69 billion rubles, were rejected for their poor quality. Even the best Soviet plants, built by Western companies in the 1960s, suddenly faced default. The end to the supply of many products, of whatever quality, affected entire economic chains of distribution: the lack of components and parts meant that many assembly lines came to a screeching halt. This was another example of how a sudden corrective measure, even well justified, could lead to inevitable economic collapse. Nobody knew what to do with failed enterprises and their workers. The former could not go bankrupt and the latter could not be laid off. After a few months of uncertainty, the economy returned to the old mode. Leninist ideas had failed.

Gorbachev's own priority in 1985–86 was the "acceleration of scientific-technical progress." When Andropov was the Soviet leader, he had put Gorbachev in charge of a team that worked on this issue. This was an attempt to plug a major hole in Gorbachev's biography: he joined the Politburo as "an agriculture expert" from the corn-growing Stavropol region, but he never had any experience dealing with machine-building industries and, most importantly, with the military industries. Gorbachev took on Andropov's assignment with the enthusiasm of a neophyte, and prioritized it after he assumed power. It resonated with his neo-Leninist beliefs. The role of science and technology in the expansion of socialism resonated with the thinking of many educated people

of Gorbachev's generation. Smart machines, manned by educated, sober, and ideologically enthusiastic people, could overcome the Soviet Union's historic backwardness. The Party Congress in February 1986 approved Gorbachev's proposal to spend 200 billion rubles of state investment for the next five years implementing technological modernization and scientific innovation.

The expectations were that in five years the Soviet economy would be re-tooled and begin to produce quality goods to match the needs of consumers at home and to export abroad. In the past, Soviet modernization efforts produced the best results when the USSR had its new plants built by Western firms in the 1930s or the 1960s. New enterprises required newly trained engineers and workers, who willy-nilly emulated foreign practices and standards. In the absence of competition and other market drivers, this was the only way to leapfrog across antiquated processes and fossilized work habits. Instead, in 1986, the Gorbachev initiative invested the money in the re-tooling of existing state enterprises—a course of action that was bound to fail on a grand scale. The management and workers of the old plants acted conservatively and resisted innovations. Much of the expensive Western equipment was never put to use at the old plants and factories.[39]

Nobody could explain where the many billions in investments would come from. Gorbachev's expensive initiative was not matched by any measures to cut Soviet investments and expenditures elsewhere. Meanwhile, developments in Soviet trade and finances began to corroborate Andropov's fears of 1983. Soviet oil production had slightly declined in 1980–84, but had begun to grow under Gorbachev; yet world prices declined rapidly in 1986 from $27 per barrel to $10. This cost the Soviet economy $13 billion in export revenues. For the first time in decades, the USSR ended 1986 with a trade deficit of $14 billion. Soviet debt to Western banks in hard currency rose from $27.2 billion in 1985 to $39.4 billion in 1986. That was a bigger debt than Poland had in 1981. And it was an indicator of even worse things to come.[40]

Whatever calculations Gorbachev, Ryzhkov, and Soviet economists had made for the long term, the catastrophe at the Chernobyl nuclear plant wrecked everything. The explosion of one of its four reactors on 26 April 1986 in the northern part of Ukraine, not far from Kiev, took Soviet technicians, scientists, and bureaucrats completely by surprise. The flight of hundreds of thousands of people from Kiev, and mass panic elsewhere, was reminiscent of scenes from World War II. During the first month after the accident, the military, engineers, doctors, miners, and scientists risked their lives in an unprecedented operation to plug the source of radiation, evacuate 100,000 people from the nearby city, organize a 30-kilometer perimeter around the plant, remove the contaminated soil, secure rivers from radiation, take care of hundreds of thousands of children,

provide necessary medicine, and more. The cost of the Chernobyl disaster to the Soviet budget during the first month alone was 3 billion rubles. In early 1989, Ryzhkov estimated the cost to be about 8 billion rubles. He recalled: "Chernobyl dealt a sudden and devastating blow to our convalescent economy."[41]

Raisa Gorbacheva, an atheist but a superstitious woman, considered Chernobyl a very bad omen; millions thought the same. Gorbachev's authority was badly tarnished. People surmised that "the stained leader" (they meant the birthmark on his forehead) brought misfortune. Aside from this nonsense, Gorbachev tarnished his authority again by not informing the people of the scale of the disaster until 14 May, when he finally made a televised address to the stunned country. And throughout the crisis, the top trouble-shooter and real hero was Ryzhkov, who spearheaded the massive efforts to tame the nuclear monster. The Prime Minister flew to Kiev and then to Chernobyl, to inspect the calamity for himself. Gorbachev went to Chernobyl, in the company of Raisa, only in February 1989, after the reactor had been covered by the concrete "sarcophagus."[42]

Gorbachev's insecurity about the nuclear accident came through with a vengeance. In June–July 1986 he scapegoated the Soviet atomic industry and its aged leaders, Anatoly Aleksandrov and Yefim Slavsky. Those men, then in their eighties, were the supreme brahmins of the Soviet defense establishment, the builders of the Soviet nuclear superpower and the atomic energy complex. In Gorbachev's harsh words, they embodied the worst qualities of the old elites. The atomic establishment, Gorbachev argued, "is dominated by servility, bootlicking, cliquishness, and persecution of those who think differently, by putting on a good show, by personal connections and clans. We are about to put an end to all this."[43] This was an unfair and inaccurate assessment: the Soviet nuclear science industry was one of the few that could demonstrate world-class achievements.

This reaction to Chernobyl was typical of Gorbachev, and was repeated in the years to come. The Soviet leader no doubt was angry, but he also re-enacted Lenin: he used the crisis to jump to sweeping conclusions: the entire old system was deeply sick and contaminated. The crisis demanded another revolution. His main message was that the USSR was a country on the brink; during the previous fifteen years the state and the people had lived beyond their means and learned awful habits. Either the Party should pull them out of this morass rapidly or the country would sink back into the "swamp" with lethal consequences. In September, speaking about the heroic efforts of tens of thousands of military and civilian "rescuers" at Chernobyl, Gorbachev said: "A Russian needs a mission impossible, so that he would send everything to [hell] . . . and do what is needed. A new Chernobyl should happen every day to make him wake up and move forward."[44]

William Taubman wrote that during 1986 Gorbachev underwent "the dual process of convincing himself and trying to convince his Kremlin colleagues that

their initial strategy, or lack of strategy, had failed."[45] Gorbachev's rhetoric, however, pointed to different conclusions. Instead of taking stock of failures, the Soviet leader wanted his Politburo and government colleagues to abandon caution, and plunge headlong into the troubled sea of radical reforms without a road map. After all, he argued, this was what Lenin had done, as part of the normal revolutionary process. Huge costs and failures were part of the deal. "The main thing is not to retreat," Gorbachev said on 30 October 1986, "no matter how hard, difficult, painful it would be . . . there is no other way."[46]

During 1986, Gorbachev concluded that the Party apparatus was incapable of being the main instrument to pull the USSR from the swamp of "stagnation." After Lenin, Trotsky, and countless Party reformers, Gorbachev began to speak about the "bureaucratization" of the Party apparatus on all levels and in every district as being a major obstacle to his revolution. Shakhnazarov had told Andropov the same thing in the 1960s. And this was what Yakovlev preached. Gorbachev also took up another neo-Leninist slogan: "Bureaucracy cannot do anything . . . If we really want to develop democratic processes, the Soviets are the keystone."[47] In September 1986, Gorbachev told the Politburo: "When you read Lenin, you see how much he spoke, trying to explain the NEP . . . If we lived in a democracy, people would do anything. One war veteran wrote to me: you are the first after Lenin to call for democracy." Gorbachev implied that there was more support for reforms among common people than in the Party apparatus. The head of the KGB, Viktor Chebrikov, objected: "I am ready to take an oath on my Party membership card that the KGB harbors no opposition or doubts with regard to new policy."[48] The Party and state apparatus, while not revolutionary-minded enough, remained loyal and ready to follow its leader into uncharted waters.

MISGUIDED REFORMS

In early 1987, Gorbachev urged Ryzhkov and his economists to produce a radical comprehensive reform of the Soviet economy. Its essence was twofold. First, the resolution of a myriad of intractable economic problems had to be transferred from the hierarchical, conservative, ossified bureaucracy to the grassroots, to state enterprises and working collectives. Second, the Party had to be turned into a Leninist engine of revolutionary change. The Politburo discussed the proposals and consented. Even such stalwarts as Andrei Gromyko did not object.

The key reform was the Law on Socialist Enterprises. This document was the consummate product of the reformist cohort of Soviet economists, who sought to combine "socialism" with a state-regulated market.[49] Ryzhkov and his

team of economists went back to the debates of the 1960s and formulated the policy of "three S's": self-accounting, self-financing, and self-governance. What did it mean in practice? The state would yield ownership to each enterprise to its management and "workers' collective"; they would then be responsible for the enterprise's assets. They could take credits from state banks and decide how to spend this money. Enterprises would have to deliver to the state a set amount of goods, according to a contract and the central plan of economic development. After this, they could work for profit and keep a part of this profit for themselves. Most importantly, the new law meant that the regional and local Party authorities would refrain from economic interference. Ryzhkov, who promoted this law enthusiastically, expressed the view of many "red directors" from the Soviet managerial class: they wanted the Party apparatus to be removed from their business.[50]

This was a radical transformation. In January 1987, Ryzhkov reported to the Politburo on the first draft of the Law. At the meeting Gromyko raised a core question: "In the report, the collective becomes the owner of the enterprise. Thus, factories and plants become the property of their collectives? This goes too far. The question of property had been solved in October 1917." Gorbachev too was confused. "The text is still hazy and confusing on basic notions," he admitted. Then he quickly added: "We cannot make mistakes."[51] The draft was sent back to the Council of Ministers. "Socialist" was dropped from the title in favor of "State Enterprises" to avoid the controversy. The collectives received the rights of *possession* over profits from enormous economic assets, while their responsibilities to the state, as the *owner*, remained legally ill-defined and unenforceable.

While ducking this key issue, Gorbachev and Ryzhkov doubled down on the effort to end the old "command-administrative system" whereby the Party dictated everything and the Gosplan calculated costs and benefits. The idea was to create something that never existed in history: an "economy of socialist democracy." The neo-Leninist vision assumed that possession of the means of production would make working people motivated and responsible for their output. Would it be enough to pull the Soviet people out of the swamp of corruption and indifference to output and quality? Gorbachev admitted that the passivity of people bothered him. Nobody could explain to him why, in those segments of the Soviet economy where self-financing and self-governance had been experimentally tried, production declined rather than increased. The Soviet leader argued with himself, as if responding to invisible critics: "In the West they tell us: 'In a society without fear, you cannot carry out any reform' because nobody has any interest in or fear of God.'" He also mentioned that most Russians had a safety net that enabled them to procure their basic needs. Many people began to feel that they did not need to work hard at all. "This is a

grave problem," Gorbachev concluded.[52] Other members of the Politburo felt confused. Ligachev confessed: "We can't all flounder in economic affairs. We lack a scientific approach." Gorbachev, after reading more drafts of the Law, admitted: "I do not understand all of it."[53]

Nevertheless, under Gorbachev's pressure, the Politburo approved the Law. The Soviet leader was now full of revolutionary determination. In May 1987, when the Politburo agonized over the future of the new economic system, Gorbachev came up with a striking image: "We are moving forward as if in jungles with a machete. Everyone is blood-splattered, skin is torn and bruised, quarrels erupt. Yet we keep moving. And there are already clearings in the thick forest."[54] This was the image of David Livingstone struggling through the heart of Africa.

The Law on State Enterprises, approved by a special Party Plenum, came into force on 30 June 1987. The 11,000-word document redefined the structures of the Soviet economy for the first time since Khrushchev's ill-fated experiments thirty years earlier. In fact, "state enterprises" received more autonomy than they ever had since Lenin seized power in Russia. They acquired freedom of export, they could establish joint companies with foreign partners, and could have their own currency account. Ryzhkov told the Politburo that the goal was to connect the Soviet economy with the global market as much as possible, to bring profits in hard currency. "Let [the state enterprises] export everything and as much as they would be able to sell, except for strategic goods, like oil. It does not matter if [these goods] are in deficit domestically or not."[55]

Gorbachev pushed for even more decentralization than Ryzhkov: he now viewed the technocracy of the ministries as an obstacle to the initiatives from below. And he wanted to bypass a trial phase for the Law. It should be implemented immediately and across the board. In the past, he believed, the forces of conservatism had blocked similar reforms because they were piecemeal. At the Politburo he quoted Lenin, but also Sergey Witte, a reformist Prime Minister in the Tsarist government: reforms, in order to succeed, should be deep and swift. Turning to the drafters of the Law, the General Secretary said: "We must keep bombing [the old system] from all directions."[56]

The Law was enacted in January 1988. Its results, however, were opposite to what the reformers expected. The Law undermined the old stabilizing and controlling mechanisms of the Soviet economy, above all the role of the Party. For many decades the Party had exercised a controlling role in every major economic unit in the USSR. The enterprise leaders were members of the Party and its nomenklatura. From now on, the head of an enterprise was to be elected by "a collective" of workers and employees. He could no longer be fired from above.[57] At the same time the reform did not generate a true liberalization and

revival of the economy. An economist from Stanford University, Mikhail Bernstam, a Soviet émigré, explained later that the Law was "de-centralization, and the erroneous one." The enterprises' collectives, represented by directors and trade union leaders, accumulated big profits but were not motivated to invest them in new equipment, to increase efficiency and quality of their production. Rather, they sought ways to pocket those profits, to maximize wages and salaries. They also stopped producing cheap consumer goods, which the vast majority of Soviet consumers wanted, and focused instead on the production of more expensive items.[58] In just a couple of years Gorbachev and Ryzhkov would become lost in the jungles of the Soviet economy, with no exit in sight.

Gorbachev's reforms also began to endanger the financial stability on which the economic and political unity of the Soviet Union rested. Gorbachev knew little about the Soviet budget, revenues, and financial mechanisms. When in 1983 he asked Andropov to have a look at the state budget, he received a firm "no." Meanwhile, the Soviet financial system was not an easy matter for a novice to grasp. It had no analogues in the world and was born of necessity—the product of wars, total mobilization, and absolute political dictatorship. In the Soviet Union, there were two kinds of money in circulation. One currency was virtual and was called *beznal*, which means "cashless." It was a completely virtual accounting system between the state and state enterprises. All investments, credits, and other big transactions in the Soviet economy were paid by *beznal*. This money resembled issue bills and letters of credit in a market economy, yet the Soviet *beznal* was never meant to be cashed. The second kind of money was in *nal* (cash): banknotes and coins issued by the State Bank. They were used to pay salaries and wages to Soviet people, to pay in state stores, and for goods and services of the "shadow economy" and on the black market. The total amount of *nal* was loosely related to the amount of production and the cost of labor.

Only a few professional bankers in the Soviet Union understood how this system worked. And meanwhile this unique system was vital for Soviet macroeconomic stability. The Soviet state could spend many billions of *beznal* money for financing big projects, and yet the inflation of cash—and prices of consumer goods and services—remained more or less under control. The profits from state enterprises could not be translated into cash. Even at the most difficult moments of history, such as during World War II, the Soviet financial system had not broken down.

Whereas the *beznal* money was completely under state control, however, cash was in people's hands. Cash in circulation, especially when it accumulated outside state-controlled personal savings accounts, generated inflation and macroeconomic instability. Stalin understood this danger: the Ministry of

Finance and Gosplan ensured there would be a watertight partition between the two kinds of Soviet money. All enterprises had to have double bookkeeping. They were strictly forbidden to use *beznal* allocations for salaries and wages. And they were not allowed to buy industrial equipment and raw materials with cash. Those had to be paid for only with *beznal* money provided from the central budget. Also, state leaders and institutions made sure that the accumulation of cash in savings accounts would not grow disproportionately; if it did, it would begin to chase goods, and people began to hoard them. In 1947 and in 1961, the Soviet state had to carry out secretly prepared monetary reforms to reduce the volume of money in circulation. Another painful measure could be to increase state-fixed prices.[59] This system of state control over capital allowed people's salaries and savings to increase gradually, but only so long as production increased and its efficiency improved.

During his long tenure, Brezhnev had avoided price hikes on basic consumer items. Meanwhile, investment in the military industries and research, instead of stimulating economic growth, drove up inflation. Subsidies to ineffective Soviet agriculture, the losses in agriculture, and the unsold poor-quality goods proved more costly than military expenditures. In a sprawling "shadow economy" illegal entrepreneurs accumulated billions of rubles. Oil revenues covered state deficits yet contributed to hidden inflation as well. Gorbachev had inherited highly troubled finances, yet he quickly made things much worse by his policy initiatives. The ban on alcohol aggravated this problem tremendously: people drank less, but in turn demanded quality goods they could spend their cash on.[60]

In early 1987, Ryzhkov warned his Politburo colleagues that, without price reform, the economy would not improve. There were two options available to the Soviet leadership: raise fixed prices to a "realistic" level by government action or prepare for their targeted deregulation. Gorbachev, however, appeared to be evasive. The Soviet leader remembered how Khrushchev had undermined his authority in 1962 by raising prices. This triggered workers' strikes and even a mutiny. In October 1986, Gorbachev said at the Politburo: "People still have not received any benefits from perestroika. If we raise prices . . . we will discredit perestroika."[61] Valentin Pavlov, head of the State Committee for Prices at the time, later recalled it was a missed opportunity. Gorbachev could have raised wholesale prices in *beznal*, yet maintain consumer prices at the lower level, and soak up "the money overhang" by 40 billion rubles.[62] In the end, economic reforms began with the hopelessly distorted system of prices inherited from Brezhnev's time.

The Law on State Enterprises initiated bank reform. Since the 1960s, Soviet reform-minded economists had been arguing that state enterprises should get money for development from state-controlled commercial banks. The enterprises

would make a profit and pay back to the banks with interest. This scheme could replace the turnover tax as the main income for the state budget.[63] In 1985, a group of Soviet bankers adopted this idea. They traveled to Italy and West Germany, India, and communist Hungary and Yugoslavia. In China, they studied the financing of "free economic zones." In Japan, they looked at targeted investments and state-planned credits that redirected and modernized the economy. In June 1986, they presented their proposals to Ryzhkov. The State Bank, they wrote, would remain the monetary regulator. One needed, however, big "specialized" investment banks which would credit large industrial conglomerates. Smaller "innovative" banks under their control would credit small enterprises in consumer-oriented sectors. Mikhail Zotov, the man behind the initiative, was not a market liberal. He began his banking career under Stalin. "In our view," he remembered, the "time came . . . to make [banks] active and immediate actors, the agents of the economy." Ryzhkov supported the proposal. In July 1987, the Politburo allowed the establishment of four "specialized" banks with crediting functions.[64]

In May 1988, an even bigger change in the economic and financial system occurred. Ryzhkov's experts prepared and the Politburo enacted the Law on Cooperatives. "Cooperatives" had been touted in Lenin's times as "the road to socialism," but were largely defunct by the 1980s. All entrepreneurial energy gravitated to the shadow economy. Ryzhkov wanted to make cooperatives legal again and put them under state control. Gorbachev liked the idea. In China, he told the Politburo, "cooperatives" managed to feed one billion people in just a few years. He hoped they would do the same in the Soviet Union. The Law on Cooperatives, however, placed cooperatives and state enterprises under the same roof; the first could purchase from the latter; the latter could set up the former. The new law also allowed both cooperatives and state enterprises to create commercial banks, using their "surplus" money for the purpose of crediting others.

In 1987, Soviet bankers proposed tighter control over the total amount and circulation of both *nal* and *beznal* money. Instead, Ryzhkov and his experts opened visible loopholes in the partition between the two types of currency circulating in the financial system. Nobody in the Soviet government at the time understood the dire consequences of this for monetary affairs. The transactions that had been prohibited for decades were now legally sanctioned for cooperatives and commercial banks. People who began to launch cooperatives in 1988 immediately grasped new opportunities. Seven months after the law had come into force, forty-one commercial banks were registered. One year later the number of commercial banks in the Soviet Union would grow to 225. These banks created a major unregulated hole in the Soviet financial system.

Zotov wrote at the end of the 1990s: "What happened? . . . We dashed ahead in microeconomics: in practice we almost completely liberalized banks and monetary circulation."[65]

Cooperatives, credited by their own banks, began to buy resources and goods within the state economy from state enterprises at state-fixed prices. Then they sold those goods at higher market prices or exported them abroad, at a profit of 500 and even more percent. The state tax imposed on the cooperatives was only 10–13 percent. The commercial bankers created another profitable scheme: they would take help from state enterprises to transform their *beznal* assets into cash. The trickle turned into a torrent, inflating the monetary mass in people's pockets. By the end of 1989, neither the Politburo nor the State Bank would be in a position to control this flood.

SOCIALIST DEMOCRACY

Where did Gorbachev get the idea to democratize the Soviet Union? For Western readers, especially Americans, a course towards democracy and freedom was natural and positive. The General Secretary of the Communist Party, however, was not a liberal. And yet he decided to carry out far-reaching political liberalization *simultaneously* with radical economic reforms. Even thirty years later William Taubman could not conceal his amazement: "What possessed him to think he could overcome Russian political, economic, and social patterns dating back centuries in a few short years: tsarist authoritarianism morphing into Soviet totalitarianism . . . minimal experience with civic activity, including compromise and consensus, no tradition of democratic self-organization, no real rule of law?"[66]

Gorbachev had grown up in a society where liberties were secretly coveted by an idealistic and educated minority. For almost two centuries, the intelligentsia had daydreamed about a constitution and people's rights. The Bolsheviks and then Stalin made a travesty out of those dreams, yet they could neither fully suppress nor ignore them. Stalin's Constitution of 1936 solemnly guaranteed "socialist democracy" and "freedoms" of speech, conscience, and other civil rights. In 1948, the Soviet Union signed the UN Universal Declaration of Human Rights. In August 1975, Brezhnev signed the Helsinki Final Act. In 1977, parts of this act were included in the amended Soviet Constitution. Nobody in the Soviet Union ever thought that soon it would be taken seriously.[67] Indeed, such a thought could put a person into a mental asylum or make one a subject of interest to the KGB. Still, the notion of "socialist democracy" was not dead; it permeated mass consciousness as an ideal to be realized in the future. A group of young intellectuals, who published a *Samizdat* journal in

the early 1980s in Moscow, concluded that "socialist democracy"—not liberal democracy—was the only slogan that could be understood by the majority of the Soviet population.[68]

Then came Gorbachev. His connections with the intelligentsia made him share their dreams of political liberalization. Gorbachev's personal discovery of the need for "social democracy" must have been nurtured in his conversations with his Czech friend Zdeněk Mlynář, a reform-minded communist who became an active participant in the "Prague Spring" of 1968. That was an era of socialist romanticism, when Andrei Sakharov, a nuclear physicist and soon to be a human rights defender, had famously proclaimed a link between economic progress, humanism, and intellectual freedom. It was natural for Gorbachev to accept what Andropov had totally rejected: Soviet people should have more say in their country's affairs; without "socialist democracy" people would remain alienated from the economy, continue to behave like lazy serfs, and economic modernization would be impossible. Yakovlev's memo of 1985 continued to be on his mind. Raisa probably reinforced her husband's aspirations to become an emancipator of Soviet society. She and Gorbachev shared a passion for big ideas, and liked to discuss them during their long strolls and when on vacation.

In August 1987, Gorbachev devoted his entire summer vacation to theorizing. At a dacha in Crimea, where Brezhnev and his Politburo cronies had played dominos, drank, and exchanged old jokes, Gorbachev read Lenin and for the first time "young Marx," his *1844 Economic and Philosophical Manuscripts*. The latter had been the most influential text from the late 1950s, "discovered" by left intellectuals in the West and discreetly studied in the 1960s by Soviet social scientists who had dreamed of de-Stalinization. From Crimea, Gorbachev also corresponded and talked with academics from the leading Moscow think tanks. The formal excuse was a contract with American publishers to write a book about perestroika. Instead of delegating this task to ghostwriters, Gorbachev plunged himself into writing and editing—a process that he enjoyed. He dictated the whole draft several times to Anatoly Chernyaev, who by that time had become his most trusted aide. Gorbachev even extended his vacation by one week. The title of the book was *Perestroika: New Thinking for Our Country and the World*. Gorbachev wanted to link his "revolution" to world affairs, just like Lenin had done seven decades before.[69]

The General Secretary also immersed himself in reading books and documents about the origins of Stalinism. The coming of the 70th anniversary of the Bolshevik revolution in November 1987 focused his mind. In July, before going on vacation to Crimea, Gorbachev asked his Politburo colleagues to read the materials on Stalin's crimes prepared on Khrushchev's order in 1961–62 but never released. Gorbachev, who had spent two decades in the province of

Stavropol, in the nomenklatura straitjacket, came to power holding the views of history that were popular in the 1960s. According to Chernyaev, he still believed that "if Lenin had not died in 1924, but at least ten years later, socialism in the USSR would have been developed nicely."[70] Now in 1987 he had access to all the information he wanted and attacked the historical turf with the fresh energy of a neophyte. He sought answers to the questions that troubled him: Why Stalin and his crimes? What "glitch" in the Leninist design led to tyranny and mass murder? How to avoid similar tragedies in the future? Those questions had been asked twenty years earlier by idealist Marxist-minded intellectuals of Gorbachev's generation.

The books he read proved to be ideological dynamite. Gorbachev was deeply impressed by them. He started sharing his ideas with a narrow circle of colleagues: he wanted to change "the whole system—from economy to mentality." Chernyaev recorded his words: "I would go far, very far." His biggest discovery was theoretical: "more socialism means more democracy."[71]

Instead of making speeches about Stalin's crimes, as Khrushchev had done, Gorbachev decided to dismantle the system of governance Stalin had built. With this goal in mind, he convened a special Party Conference for June 1988 to implement his policies. The last such conference was convened by Stalin in February 1941, to discuss preparations for inevitable war. Gorbachev had a similar urgency. As with his speech to the Party Congress in 1987, he turned to a group of close advisors. They included Yakovlev, an expert on "socialist democracy," Georgy Shakhnazarov, Chernyaev, the economists Vadim Medvedev and Stepan Sitaryan. The circle also included two old friends of Mikhail and Raisa from university days, the lawyer Anatoly Lukyanov and the philosopher Ivan Frolov. Valery Boldin, a former journalist and personal aide of both Gorbachevs, was in charge of logistics and communication. The working group commissioned dozens of memos from academic think tanks in Moscow. The moment for which the Soviet liberal-minded intelligentsia had been waiting for decades had finally arrived. The work on political reforms began in early 1988 and continued through the whole year.

Gorbachev, it turned out, had a concept of constitutional reforms in his mind even before the preparatory work began. Constitutional and legal issues were the areas where the Soviet leader felt strong, in contrast to economics and finances. His goal, Medvedev remembers, was "to turn the Soviets into permanently governing bodies."[72] The "Soviets" were revolutionary "Councils" or assemblies of workers, peasants, and soldiers, in whose name Lenin had seized power in Russia in 1917. Gorbachev's concept was breathtaking in its ambition: to return Russian socialism to square one, and reroute the great experiment in the direction of democracy. The starting point of political reforms would be a

convocation, after national competitive elections, of a 2,250-member Congress of People's Deputies—an institution without parallels anywhere in the world. This Congress would represent all national republics and ethnic autonomies of the Soviet Union, all groups of its population, and all its major public institutions. The Congress would have supreme power: to change the constitution, to appoint a government, and to select a permanent law-making assembly, the Supreme Soviet. The first Bolshevik constitution, approved by Lenin, had a similar representation. A similar constitutional overhaul of political structures would be replicated on every level: republican, regional, and local. Gorbachev kept his colleagues in the Politburo out of the loop on his political reforms until the last moment, with the sole exception of Yakovlev. He was fully aware that the new constitutional order would put an end to the absolute power of the Politburo and the Party apparatus.

In Gorbachev's entourage, some believed the system was cumbersome and ultimately unmanageable. Yakovlev and Chernyaev favored a strong presidential system; Medvedev advocated a parliamentary system where a majority party forms the government, and the party head becomes the state leader. Gorbachev, who already had strong executive power, thanks to the Party dictatorship, did not consider strengthening it still further. And he refused to recreate strong executive components of the early Bolshevik governments. He only wanted to become chairman of the reformed Supreme Soviet. As Medvedev remembered, "it was hard, most likely impossible, to sway him."[73]

It was an inexplicable departure from the Soviet and Russian practice of governance. Had Gorbachev proposed the creation of stronger executive power—constitutional and delegated by the new representative assemblies—he could have had it without any problem. Nobody could have prevented the Soviet leader occupying two positions, as General Secretary and head of the Soviet's Supreme Executive Committee, simultaneously. Some historians claim that Gorbachev wanted to have an all-empowered legislature to balance off the omnipotent Party apparatus. Whatever his motives, Gorbachev's goal to "give all power to the Soviets" turned out to be a fundamental political error. Placing a super-parliament at the top of the political system during a period of fundamental reforms was risky and impractical. The Soviets, which had for decades only rubber-stamped the Politburo decisions, suddenly assumed both legislative and executive responsibilities—more than those institutions could possibly bear. Gorbachev also did not account for the pent-up populist energy that his political reforms would release. Ryzhkov later commented that Gorbachevian reform took him and other Politburo members by surprise. Without any experience of representative politics, they could not possibly anticipate what would be the consequences of such political reforms. When they did, it was too

late. The two-tier Soviet system of representation would make the Soviet Union ungovernable. And after the Soviet collapse, the same system would place Russia on the brink of collapse; only the violent abolition of the Gorbachevian system of Soviets by Boris Yeltsin in October 1993 would stabilize the constitutional order.[74]

The preparations for political reforms revealed new facets of Gorbachev's personality and conduct. In 1988, the Soviet leader began to show signs of hubris. He could not avoid the effects of power on his ego. He was already in the limelight of the world's media, especially during frequent trips abroad, where he would meet Ronald Reagan, Margaret Thatcher, François Mitterrand, and other leaders. Gorbachev felt intellectually and politically superior to all his Kremlin colleagues. He told Chernyaev that they were "philosophically impoverished" and "lacking in culture." Even the hard-working Ryzhkov displeased him with his constant complaints and growing despondency regarding economic developments. At the Politburo, where the General Secretary presided, the nature of the discussions changed. "He really needed advice, the opinion of others," recalled the Politburo member Vitaly Vorotnikov, "yet only to the extent it allowed him to make [others] follow his position and his idea." Gorbachev had another peculiar trait: he often did not finish his arguments with a specific choice of action. This created an appearance of consensus-seeking, but also left room for later denial if there was too much dissent. Gorbachev was "permanently ready to dodge, to balance, to make a decision according to a situation."[75] He was proud of this quality. "Lenin also called himself opportunistic," he told Chernyaev in August 1988, "in order to save the revolution."[76] Gorbachev's hubris helped him steer an improbably radical set of political and economic reforms through a Politburo that was decidedly skeptical and Party elites who were increasingly concerned.

The key political moment for Gorbachev's grand design was the special Party Conference in late June 1988. Some 4,500 delegates gathered in the Kremlin. Gorbachev needed their approval for his radical course of action and he was remarkably successful. The conference, televised in full for the whole country to see, adopted the resolution "On the democratization of Soviet society and the reform of the political system." The conference also voted to make changes to the Soviet constitution, regarding the formation of a new political system by the fall of 1989. The new system would be implemented before the term of the old rubber-stamping Supreme Soviet was due to expire. Gorbachev felt, however, that the majority of delegates at the conference would not give him a blanket approval for all his reforms. He was right: most wanted some change, but they simply could not imagine that their General Secretary would move to dismantle the entire political system. At the very end of the conference, after four days of

reports and speeches, almost as an afterthought, Gorbachev put to the vote a motion to delegate to the Politburo the task of reorganizing the Party apparatus before the end of the year. The motion was approved and gave Gorbachev the mandate he wanted. In Gorbachev's later estimate, this was "the start of genuine perestroika."[77] Eduard Shevardnadze a decade later would define Gorbachev's strategy as follows: "he used Stalin's power to dismantle the Stalinist system."[78]

After the conference Gorbachev embarked on a long vacation in Crimea, where a new luxurious villa had been finished for him near Foros. His aide Chernyaev, who accompanied him, was shocked by the opulence of the villa that did not chime with the image of a selfless Leninist reformer: "Why does he need it?" Chernyaev also noticed that Gorbachev had changed since the previous summer. Still spontaneous, he nonetheless preferred to pontificate and was cross when contradicted. As in the previous year, Gorbachev spent his vacation doing theoretical and historical research; he continued to pore over Bolshevik debates following Lenin's death. He began to dictate to Chernyaev a brochure on the evolution of "notions of socialism" from Marx to their own time. He noted that as one moved from the past to the present, clarity of thinking had disappeared. "Brains become so confused these days," Chernyaev commented, "that nobody knows any longer where socialism exists and where it does not, and what it is in general." Gorbachev did not want to admit it, but from now on his neo-Leninism ceased to provide him with guidance for his actions.[79]

Some scholars have speculated that in 1988 the General Secretary feared an internal Party coup to oust him. The conspiracy against Khrushchev in October 1964 emerged when he was vacationing at a Black Sea resort in Pitsunda. However, William Taubman has dismissed the speculation about a coup against Gorbachev, concluding that he did not fear such a conspiracy. The Soviet leader saw the Party as merely convalescing from its bureaucratic stupor and returning to its factional struggles, similar to the Bolshevik infighting back in the 1920s.

On the "left," in Gorbachev's view, stood Boris Yeltsin, whom Gorbachev had brought in to the Politburo and appointed to head a reorganization of the Party in Moscow in December 1985. A candidate member of the Politburo and former Party head of the Sverdlovsk region, Yeltsin was Gorbachev's political twin. Born in the village of Butka, Sverdlovsk, in the Urals in 1931 to a peasant family, which had suffered from Stalin's collectivization, Yeltsin had made his career in the provinces, with a larger-than-life ego and a remarkable memory for facts and names. Yeltsin was a good family man, just like Gorbachev. He also was a workhorse, free of corruption. In other ways, however, they were a study in contrasts. Yeltsin felt more comfortable among common people than intellectuals; he had never been spotted with a volume of Marx or Lenin in his hands. Yeltsin did not benefit from the university education and cultural polishing that Gorbachev

had. His direct, working-class temperament differed from Gorbachev's suaveness and charm. Yeltsin owed his Party career mostly to his management of the giant industrial conglomerates in the Urals; he viewed Gorbachev as his inferior, not superior. He was poorly equipped to navigate the Byzantine corridors of the Old Square (the Communist Party headquarters in Moscow).

Gorbachev had given Yeltsin a truly Herculean assignment: to cleanse the Augean Stables of Moscow's corrupt individuals and institutions. This cleansing had already begun under Andropov, and Yeltsin continued it with great zeal: he fired corrupt officials, showed up with sudden inspections at stores, and found time to hear complaints from ordinary people. This garnered him populist fame among Muscovites. Yet the apparatchiks hated him for it and attempted to sabotage his activities. Naina, Yeltsin's wife, recalled that in Moscow she and her husband felt demoralized and ostracized.[80]

Yeltsin's "left" attack on perestroika began in October 1987 at the Plenary Meeting of the Party's Central Committee. A month before, in a state of stress, he had submitted a letter of resignation to Gorbachev. When his request was ignored, he addressed the Plenary Meeting. Gorbachev had chosen this occasion to deliver his first serious criticism of Stalin and map out his political views. Yeltsin inadvertently emerged as a spoiler of this historic occasion. Perestroika, he said, was drifting and he blamed the Party's apparatchiks, especially Ligachev, for this. The reaction was spontaneous and furious: one speaker after another denounced Yeltsin, after which he was ejected from the Politburo. Moscow was awash with rumors that Yeltsin had rebelled "against the bosses," and was a spokesman "for the people." Then the maverick from the Urals surprised everyone again: he experienced a nervous breakdown and even injured himself with a pair of scissors.[81]

In Brezhnev's time, a Politburo dissident would have been dispatched far away, perhaps as an ambassador to an African or a Central American country. Gorbachev chose not to do that. Instead, he subjected Yeltsin to enforced treatment in a Party hospital, where doctors treated him with powerful injections, as if he was in a psychiatric hospital. This was a traumatic experience that Yeltsin would never forgive or forget. He subsequently recovered from his breakdown. At the Party Conference in June 1988, he even humbly asked for forgiveness, but then once again criticized Gorbachev's perestroika for its lack of radicalism. He had acted as a spoiler for a second time and clearly stole the thunder from the Soviet leader. In November, Yeltsin delivered an iconoclastic lecture at the High School of Komsomol in Moscow on the need for a multi-party system and competitive presidential elections. His popularity in Moscow and the Russian provinces skyrocketed. Shakhnazarov recalled that some in Gorbachev's entourage urged him to exile Yeltsin, but Gorbachev categorically refused.[82]

On the "right" from Gorbachev was Yegor Ligachev, the ascetic deputy head of the Party Secretariat. He represented the ethos and interests of the Party provincial cadres, and people from poorer and agrarian Russian regions. For Ryzhkov and his team, Ligachev was the epitome of Party interference with their work. The Moscow intelligentsia demonized Ligachev as a neo-Stalinist and as a man who attempted to keep ideological censorship in place. Chernyaev urged Gorbachev to remove Ligachev. "You are in the situation of Lenin now," he wrote alluding to 1922, when Lenin had attempted to remove Stalin.[83] This comparison was absurd: Ligachev was not a scheming Stalin, but a dogmatic and loyal Party workhorse. And he was not a neo-Stalinist, but rather an advocate of the Andropov-style conservative reformism.

Ligachev lost his position as second in charge at the Politburo in March 1988, five months after Yeltsin. A group of Russian nationalist journalists had sent Ligachev an essay, allegedly based on a letter from Nina Andreyeva, professor of chemistry at Leningrad University. The essay, a crude resuscitation of Stalinist ideological campaigns, lashed out at "revisionists" in the Soviet media who were exploiting glasnost to "blacken" Soviet history. Ligachev approved of the article. It was published with the stamp of a Party-approved directive to ideological cadres. This episode can be considered as probably the last chance to reroute Soviet reforms in the direction envisaged by Andropov. The "Nina Andreyeva affair" alarmed the Moscow intelligentsia; the Western media speculated that perestroika was over. Gorbachev, however, had other plans. He viewed public discussion of the past and present, as well as support of the intelligentsia, as crucial factors for his future political reforms. With the support of Yakovlev, he easily put an end to the conservative "revolt." Ligachev and his supporters in the Politburo were cut down to size, humiliated and subdued. Yakovlev replaced Ligachev as the top Party ideologue, in charge of the state media. From then on, glasnost progressed by leaps and bounds.[84]

The main threat to Gorbachev in the fall of 1988 was not the Party elites. Instead, it came from a progressive failure of his economic reforms. The economic growth did not materialize, and disruptions to production lines and supply chains grew worse. Housing construction slowed down. Stores in most Soviet cities, even Moscow, were emptier than before, and the queues became longer. In early September 1988, during his stay in Crimea, Gorbachev went on an excursion to Sevastopol. A crowd of locals surrounded him, complaining about the lack of housing, unpaid pensions, and so on. Gorbachev spent three and a half hours with them. Finally, he exclaimed: "Who am I for you? The Tsar? Or Stalin?" He was clearly getting frustrated with Soviet people just as they were getting disheartened with him. He wanted them to elect their own representatives, solve their local problems, and get off his back. He also grew angry with local and

regional Party officials. "He is quite worried," wrote Chernyaev in his diary. "The [Party] apparatus realized that his days were numbered, and they switched off the engine of the administrative system." Perhaps the Party officials had chosen to boycott perestroika, "to prove that all this is Gorbachev's crazy adventure."[85]

It was Gorbachev himself, in fact, who plotted a constitutional coup against his own Party. During his vacation in Crimea, he single-handedly decided to overhaul and cut the central Party apparatus, leaving behind only "revolutionary adepts of perestroika" to help him steer it in future. Between 800,000 and 900,000 Party officials would be sacked within a year: the biggest purge of Party cadres since Stalin, but this time a bloodless one. Chernyaev was the first person to see the draft of his proposals and comment on it. After Gorbachev returned from Crimea, he outlined his proposals to other aides. Twelve out of twenty departments of the central Party apparatus, the political brain of the entire Soviet political-economic system, were to be disbanded. Most of them supervised various parts of the economy. On 8 September 1988, the quiescent Politburo approved Gorbachev's program. Ligachev argued that the Party should continue to control the process of perestroika, yet he dared not criticize the General Secretary's pet project. Vitaly Vorotnikov asked who would be able to carry the burden of governance if the Party relinquished it. Gorbachev dodged the question. He spent the next two weeks summoning the old members of the Central Committee to him in person, one after another, and convinced each one to accept an honorable retirement.[86]

After securing his political goals at the Politburo, Gorbachev traveled to the Krasnoyarsk region of Central Siberia. He toured an enormous industrial area—the size of France and Spain combined—visiting plants that produced nickel, molybdenum, and platinum. The gigantic installations exhibited appalling inefficiency, everyday shortages of housing and food, and man-made environmental disasters. This trip confirmed Gorbachev's belief that the core problem lay in the Party's management of the economy. At a meeting in Norilsk with workers at the largest nickel-producing plant in the world, he urged them to elect leaders that they liked and trusted. One worker, he said, had sent him a letter urging him "to open fire on the headquarters." This was a slogan of Mao Zedong during the Cultural Revolution. Suddenly the audience roared enthusiastically: "That's right!" Gorbachev, taken aback by the mood of the crowd, explained that it would be disastrous to repeat China's experience. He returned to Moscow convinced that political reform was overdue. Only a frank discussion with the Congress of the problems facing the Soviet Union would help to redirect the huge levels of popular discontent into constructive channels.[87]

On 30 September, after just half an hour of discussion, the Party Plenum approved all his political reforms without even a shadow of dissent. The

delegates, after some debates, sanctioned Gorbachev's right to become chairman of the future Supreme Soviet, while remaining head of the Party. The Party elite rubber-stamped the most radical shift of power since the time of Stalin.[88]

Gorbachev's radical reforms of 1987–88 originated from the failures of previous reforms, the frustration of the "people of the Sixties" with the Party-State bureaucracy, and from the ideological dreams of a few high-minded Party apparatchiks. Yet Gorbachev made a historic miscalculation. At the end of 1988, he moved to dismantle the Party apparatus as the only tool that could possibly keep reforms and the entire country under control. His diagnosis was incorrect. The Party bureaucracy, which he identified as the main obstacle to modernization and revitalization of the Soviet socialist project, preferred conservative and gradual reform, yet remained a tool in the hands of the top leadership. The misguided decentralization, together with other errors, threw a monkey wrench into the economy and finances. Moreover, "socialist democracy," just as Andropov had warned, was a highly dangerous enterprise. Gorbachevian perestroika, the way it was conceived, could not succeed. Instead, it exposed the Soviet Union to the demons of economic chaos, political populism, nationalism, and more.

CHAPTER 3

REVOLUTIONS

They that sow the wind, shall reap the whirlwind
Hosea 8:7

GOODBYE LENIN

On 26 March 1989, 172.8 million citizens of the Soviet Union cast their vote to elect the Congress of People's Deputies. For the first time since 1917, independent candidates opposed the Party candidates, and many of them won. It was the first contested elections in the communist world. With 2,550 seats, the Congress had five times more deputies than in the US Congress and over three times more than the Constituent Assembly of 1918, disbanded by Lenin.

The deputies were elected in three ways. The first group, one-third of all seats, were elected by direct vote across the land. The second one-third came from the "national-territorial" districts, representing the multi-national nature of the Soviet Union. The Russian Soviet Socialist Republic elected 403 deputies, the largest bloc among the republics of the USSR. The densely populated Ukraine followed with 143 seats. The small autonomies, such as Crimea and Tuva, elected one deputy each. The last group was elected by "public organizations" and represented the main segments of Soviet elites. The Communist Party, also considered a public organization, had a quota of 100 seats. Radical critics would soon speak about the "Red Hundred"—in reference to the violent "Black Hundred" movement that had supported Tsarism in the 1900s. They could not have been more wrong: Gorbachev selected the Party list and included in it many of his favorite intellectuals.[1]

In the Baltics, the nationalist movements won almost all twenty-two "national" seats, yet they also prudently supported the reformist Party leaders,

among them Lithuania's Algirdas Brazauskas. The main electoral upheaval, however, took place in the Slavic core of the country: Party leaders lost their seats against completely unknown candidates in thirty-two major industrial regions of Moscow, Leningrad, the Urals, Siberia, and Donbass. In Leningrad and Moscow both workers and the intelligentsia voted against Party candidates: none of them got elected. In the "all-Moscow" elections, Boris Yeltsin ran as an independent against the Party-nominated director of a big automobile plant. Gorbachev unleashed the wave of people's wrath against "Party bureaucracy," and his rival rode this wave. Yeltsin projected resolve. His theatrical speeches, punctuated by movements of his big fist, had a mesmerizing effect. He received 89 percent of the ballot—over 5 million votes out of a total population of 8.8 million. Even state officials, including diplomats, the police, KGB officers, and the military, voted for Yeltsin in overwhelming numbers—and surprisingly, those votes were counted fairly.[2]

Gorbachev viewed the results of the elections as a trial by fire for the Party and concluded at the Politburo: "We must avoid intimidating people and ourselves." Shevardnadze and Yakovlev praised the triumph of democracy under a one-party system. Ryzhkov, a potential scapegoat for the poor Party performance, sided with Gorbachev.[3] The rest of the Politburo, however, refused to see black as white. Lukyanov urged Gorbachev to restore control over the press and television. He also proposed to delay the second phase of political reforms: the elections of similar congresses of deputies in the Russian Federation and other republics was scheduled within a year, in March 1990. Gorbachev dismissed both ideas.[4]

On 25 April, the Soviet leader faced the wrath of regional Party elites. The first Party Plenum after the elections began with a requiem for the Old Guard who now stepped down: this big group included managers and scientists who had begun their career under Stalin and turned the Soviet Union into a nuclear superpower. Their farewell speeches were calm and dignified. Then the storm broke. The new Party potentates from the industrial regions, promoted under Gorbachev, took the floor and lashed out against perestroika. Most vocal critics had just won competitive elections in their regions, yet they were convinced that the country was on the road to economic disaster and political turmoil. Several speakers from the Urals and Siberia said that the Law on Enterprises undermined productivity, prices, and management. The cooperatives were looting the market of cheap consumer goods. All critics were Russians, and they also raised questions about the Politburo's policies on national issues. Why did the leadership appease the Armenians and the Balts, giving them a greater share of economic resources? Why were glasnost journals and newspapers allowed to present the Party apparatus as the source of evil?

Did the Politburo really consider the regional Party cadres as the main enemies of reform?[5]

Gorbachev answered these questions with lengthy explanations, repudiating the accusations. Vorotnikov, a Politburo conservative, described Gorbachev's manner of address as "a stream of words, complicated, intricate phrases . . . In the end, all that verbiage confused the issue so much that people from different camps began to think that the general secretary actually supported its position." A Western scholar later interpreted this as a rhetorical skill to deflect the hardliners. Privately, Gorbachev spoke angrily of the Plenum as a coordinated attack against his course of action. He noticed that no one from the Politburo stood up against his critics, and this only reaffirmed his determination to transfer political power from the Party's elite to the Congress of People's Deputies.[6]

Gorbachev hoped that the Congress would empower the best forces within the Party and produce a new political elite. He was counting especially on the support of the Soviet intelligentsia, the educated class to which he and Raisa felt they belonged. The Soviet intelligentsia formed an impressive respresentation at the Congress: fifty-five writers, thirty-two theater directors and actors, fifty-nine journalists, sixteen artists, fourteen composers, and many people from scientific laboratories and institutes.[7] For Lenin, the Russian intelligentsia, especially people of culture, were "not brains, but the shit of a nation."[8] Gorbachev and Raisa, as students of the 1950s, believed the opposite. They venerated writers and scholars as a moral elite, a vanguard of modernization.

As in other aspects of perestroika, the Soviet leader was about to be deceived. One scholar of the Soviet intelligentsia aptly concludes: "If open discussion modeled on intellectual discourse had failed to produce a common political outlook among post-war intellectuals, how could it be expected to solve the crises of state socialism?"[9] In Moscow, the home of the Soviet intelligentsia, the educated elites had long stopped believing in the humane socialism that Gorbachev promoted.[10] The intellectuals split into two antagonistic camps: those who coveted political liberalization and Westernization, and the Russian nationalists with neo-Stalinist views. The Gorbachevs tried to curry favor on both sides—a hopeless exercise![11] In the spring of 1989, writers, scholars, and journalists—liberal-minded and nationalist alike—began to push political discourse far beyond what the architects of perestroika had deemed prudent and feasible. The barrage of publications in the Moscow media during those months attacked the foundations of Party rule. The sociologist Alexander Tsypko published a series of essays that questioned the revolutionary wisdom of Lenin. The well-known theater director Mark Zakharov urged on national television that the body of the Bolshevik leader should be removed from his Mausoleum. Before long, the sacral meaning of the Bolshevik Revolution itself would be up for fierce debate.[12]

The deputies elected from Moscow quickly formed an independent group. The Western media called them "liberals"; they called themselves "the first-wave democrats." Some in this group were intellectuals who had joined the Party during the Khrushchev Thaw (mid-1950s to mid-1960s) and dreamed of de-Stalinization; they worked in privileged academic institutions, and in 1986–88 they enjoyed the patronage of both Gorbachev and Yakovlev. Among them was Gavriil Popov, the editor-in-chief of the leading economics journal; Yuri Afanasyev, a historian of the French Revolution and board member of the Party's main theoretical journal *Kommunist*; and the prominent sociologist Tatiana Zaslavskaya.[13] There were younger deputies as well, who had grown up without communist illusions: the sociologist Galina Starovoitova, historian Sergey Stankevich, mathematician Ilya Zaslavsky, and physicist Arkady Murashov. The KGB's General Filipp Bobkov, whom Andropov had tasked in the 1970s with keeping the Soviet intelligentsia under control, wrote about such people as "a huge force" with "enormous brain-power," who could not claim status and income under the ossified Soviet system. This milieu, he concluded, produced nationalists in the Baltic republics, violent extremists in South Caucasus, and radical democrats in Moscow.[14] There was at least one element of truth in the general's crude estimate: "the democrats" believed that the Party system was ossified, but also obsolete, illegitimate, and criminal. They considered the anti-communist Solidarity movement in Poland as the model to emulate. In April 1989, the famous ophthalmologist Svyatoslav Fyodorov, whom Gorbachev elected to represent the Party at the Congress, proposed that all "democratic" deputies from Moscow should meet in his clinic to discuss common goals and tactics. Sergey Stankevich, then thirty-five, recalled that all of them were elated by their victory, yet also fearful. The forces of the Party nomenklatura still appeared to be overwhelming. The first instinctive desire was to look for allies: "We sent envoys and received guests . . . above all to the Leningraders . . . the Balts, the Ukrainians."[15]

The main authority within the group of "democrats" was Andrei Sakharov. He had designed the first Soviet nuclear weapons, but during the 1970s he became a world-famous human rights defender and received the Nobel Prize for his activities. He protested against the Soviet occupation of Afghanistan and spent 1980–86 in exile under KGB surveillance. Gorbachev allowed Sakharov to return to Moscow; in late 1988, with Yakovlev's assistance, Sakharov and other human rights defenders set up "Moscow Tribune," a discussion club of intellectuals, and "Memorial Society," a non-government organization to commemorate victims of Soviet repressions. When the elections to the Congress had been announced, the leadership of the Academy of Sciences of the USSR did not include Sakharov in the list of delegates. However, when hundreds of

young scientists came forward to protest this decision, Sakharov was duly elected. At the meetings of Moscow democrats in the spring of 1989, Sakharov advocated a liberal-democratic agenda: the rule of law, civil society, and human rights. At one point, however, he said with disarming sincerity: "I am a freshly minted, one could say, young politician. But we do not know for how long this Thaw will last. A week, two weeks? Trust me: it can be snuffed out in an hour." The best tactic for the Russian democrats, he believed, was to reach for the sky: demand immediate and direct democracy, and tell millions from the podium as many "words of truth" as they would be allowed to say.[16] This was definitely not what Gorbachev expected or wanted.

Meanwhile other intellectuals, in South Caucasus, helped to produce another explosion of ethnic-territorial violence—and a new blow to Gorbachev's perestroika. The ethnic minority of Abkhazians, who had autonomy within the Georgian republic, were emboldened by the constitutional reforms and demanded that Abkhazia should become part of the Russian Federation. Abkhaz intellectuals from Moscow's academic institutions led the movement and wrote an appeal to the central authorities. In response, radical nationalists from the Georgian intelligentsia agitated for an immediate exit of Georgia from "the Russian empire." On 8–9 April 1989, the nationalist mobilization went out of control: in Tbilisi a huge rally occupied the central square. The Party leader of Georgia lost his nerve, fled into hiding, and called on troops, stationed in South Caucasus, to disperse the crowd. The officers and soldiers, mostly ethnic Russians, had no training to deal with civilians and did a hatchet job. Sixteen men and women died from beatings and a gas attack, trampled in the melee. Overnight the whole of Georgia erupted in a frenzy of anti-Russian, anti-communist revolt. Infuriated, Gorbachev ordered the Minister of Defense not to use force against peaceful gatherings under any circumstances. An emotional Shevardnadze was on the brink of resignation. Chernyaev was appalled that "a Christian people, much liked by Russians, with whom we had lived for two hundred years . . . want to leave the USSR." He began to envisage lying ahead "a collapse of the state and something like chaos."[17]

On 25 May 1989, the Congress of People's Deputies opened its first session in Moscow, to huge public expectations. The Politburo member Vadim Medvedev recalled the feelings of his colleagues: "It had become clear long before the Congress opened that we should expect something absolutely new and unprecedented." People noticed a historic coincidence: two centuries earlier, in 1789, in France, Louis XVI had convened the Estates General. Gorbachev, to everyone's surprise, was confident, almost "ecstatic." The Congress lasted for sixteen days, and during that time most activity in the Soviet Union was suspended. Millions of people stopped work and gathered in front of their

television sets to watch the sessions: all of them were broadcast live and repeated across ten time zones.[18]

The opening ceremony of the Congress brought the first bombshell. A bearded deputy from Latvia ran up to a podium and shouted his demand to have a minute of silence to remember the victims of peaceful demonstrations in Tbilisi. He also shouted to set up a parliamentary inquiry into "the slaughter." This was the spontaneous act of a man who had participated in Stalin's time in the deportation of the Chechens by the secret police. Now this deputy sought justice and retribution. A few other deputies applauded him, then the majority joined in, under the impression that it was part of the script. Gorbachev, taken by surprise, applauded as well and stood for the minute of silence.[19]

Emotions were riding high at the Congress: fury, frustration, and memories of terror and injustice, pent up during many decades, broke loose. The Russian cultural historian Dmitry Likhachev was the oldest delegate at the Congress, and the atmosphere there reminded him of the first days of the Russian Revolution in March 1917. Then as now he saw people's faces and conduct changing in the same way. He told journalists: "The Congress liberated us from fear and taught us to speak the truth." But what would happen next? "Is it democracy or ochlocracy—a mob rule?" This was the question that Medvedev and other initiators of reforms had on their minds, as they observed from their seats the beehive of the Congress.[20]

Populist fury was on the rise beyond the Kremlin, in Moscow, Leningrad, and some of the Russian industrial regions. People responded with anger to revelations of the nomenklatura privileges: closed stores, exclusive resorts, special hospitals, and so on. Telman Gdlyan, a deputy from one of Moscow's districts, rode the tide of populism. He had grown up as a neo-Leninist believer and decided to become a prosecutor, to fight corruption. Under Andropov, he was sent to Uzbekistan to investigate the "cotton affair": a scam, when 4 billion rubles from the budget were paid to the republic for non-existing cotton production. Gdlyan's discoveries of corruption became a glasnost sensation and made him famous, a fighter against a sprawling Soviet "mafia." People approved of Gdlyan's KGB-style methods: his team arrested hundreds of officials and brutally interrogated them and their relatives. Gdlyan and his co-worker Nikolai Ivanov were elected to the Congress from Moscow and Leningrad respectively.[21]

Gorbachev was elected Chairman of the Supreme Soviet with all but eighty-seven votes of the assembly. This made him politically independent from the Party's elites. His power, however, was greatly diminished. The sociologist Max Weber had once formulated three types of authority: traditional, bureaucratic, and charismatic. Stalin's power had rested on all three, and was shrouded in

mystery. Gorbachev inherited Stalin's authority to promote his revolution, while displaying the genuine charisma of a young, well-meaning leader. The Congress made political power transparent and electable, and thus destroyed its mystery. New charismatic figures took center stage: intellectuals, lawyers, and journalists, who became new national celebrities through their televised speeches. Gorbachev visibly struggled with his new role as a parliamentary leader. He would manipulate a discussion or cut off a microphone. He entered into altercations with others and had to endure insubordination. And he would soon face an opposition.[22]

Gorbachev's scheme of "democratic socialism" tolerated political factions. He allowed the Baltic and Moscow deputies access to the microphones; he cultivated his future antagonists. The Balts came to the Congress in force: almost a hundred pro-independence men and women. Their goal in Moscow was to agitate via the Soviet main media, cultivate allies and sympathizers, and do everything to delegitimize the use of force in domestic conflicts. They focused on denunciation of the "secret protocols" of the Molotov-Ribbentrop Pact of 1939, which they considered a basis for the Soviet annexation of Lithuania, Latvia, and Estonia. Many Party-State officials in those republics sympathized with this objective. In Lithuania, the Party leader Brazauskas and Vytautas Landsbergis, the nationalist leader of *Sajudis* (the Reform Movement of Lithuania), worked out a plan of action in Moscow, meeting out of earshot of the KGB.[23]

The independent-minded Moscow deputies, intellectuals who were grouped around Sakharov, declared that they wanted to support Gorbachev "conditionally," in other words only if he adopted their agenda. They interpreted Gorbachev's tolerance as weakness and his attempts to bring order to the discussions on the floor as an intolerable diktat. They aligned themselves with populist figures such as Gdlyan and Ivanov, and cultivated Yeltsin as a unique figure who had fallen from the pinnacle of the power system and now berated it for its corruption and privileges, to the delight of huge crowds of Muscovites. At the Congress, however, the "democrats" and populists were still a small minority. During the elections to the Supreme Soviet, the permanent ruling body of the land, the Moscow deputies, as well as Yeltsin and Sakharov, failed to get enough votes. This was not simply because of a conflict between "liberals" and "reactionaries," as the Western media described it. For years people from the provinces had been both envying and hating Moscow as a seat of power and privileges. Now the provincial deputies considered Moscow intellectuals, who posed as "democrats," as a pampered elite, and did not react well to their sermons. The Muscovite deputies exploded. Yuri Afanasyev, in an angry speech, denounced the "aggressive-obedient majority" who were allegedly blocking reforms that were expected by the people. It would become customary for the

Moscow intellectuals in politics to speak on behalf of "the people" against anyone who did not share their agenda.

The Politburo's Medvedev recalled: "I was in two minds: emotionally it was hard to suppress a feeling of revenge" against the self-righteous Moscow intellectuals. "At the same time, I realized very well that the Supreme Soviet would be unthinkable without [the elected Muscovites, Yeltsin, Sakharov, and other independent deputies], that a confrontation and their removal would . . . only aggravate the situation." Gorbachev felt the same way. Yeltsin, the leading rebel, kept a low profile and behaved reasonably. When his supporters proposed his candidacy for the leader of the Supreme Soviet, he prudently recused himself. After a series of procedural moves, however, and with the connivance of Gorbachev, the independents managed to get a seat for Yeltsin in the Supreme Soviet. Vorotnikov, an attentive conservative observer, wrote that Gorbachev "pulled Yeltsin inside . . ." and was clearly "relieved" when it happened.[24]

The group of independent-minded deputies, however, felt no gratitude towards Gorbachev. They announced they were forming an opposition to the Party called the "Inter-regional Deputies' Group" (Mezhregionalnaia Deputatskaia Gruppa, or MDG). They were joined by deputies elected as independents from Leningrad, the Urals, Siberia, Ukraine and Belorussia, the Baltic republics, and South Caucasus. This was the first political opposition in the country since 1927. The group's motives were diverse: the only common goal was to act against the existing system of power. Roy Medvedev, the historian and former Soviet dissident who attended the MDG meetings as an observer, recorded their contradictory demands: transition to "a free market"; a reduction in the production and export of raw materials for ecological reasons; a rapid increase in the construction of houses and apartments, hospitals, schools, resorts for the handicapped and veterans; and an increase in pensions. The opposition consisted of 250 deputies, over half of them non-Russian nationals. Its "coordinating board" included Sakharov, Popov, Afanasyev, Yeltsin, and a deputy from Estonia. "As a recent dissident," Medvedev recalled, "I felt sympathetic to many of these demands." What dismayed him, though, was the sense of haste. The MDG intellectuals, even Sakharov, operated on the "now or never" and "win or perish" principles.[25] Most of this first wave of democrats had no idea how to fix the economy and finances. Afanasyev said to a journalist: "If this feeling of freedom, which we all have now, means we have to wait a few years more to get a better economy, I am ready to pay this price."[26]

The image of an "aggressive-obedient" majority, however, consolidated the MDG ranks. At one point, Sakharov took the floor to denounce atrocities of the Soviet military in Afghanistan. In the huge hall, almost 2,000 people were suddenly united by a feeling of hatred towards this dissident who was questioning their Soviet patriotism. One deputy, a veteran of the Afghan war, where

he had lost his legs, lashed out at Sakharov for his disrespect for the Soviet army. His speech ended with a slogan: "Great Power! Homeland! Communism!" Anatoly Sobchak, a member of the MDG from Leningrad, compared this moment to a political earthquake: everyone around him sprang to their feet in a patriotic frenzy. Sobchak felt as if some kind of powerful spring was trying to yank him from his chair, and he had to exercise great self-control in order to remain seated. Sakharov walked again to the podium to explain his stance, yet he was overwhelmed by the collective venom in the hall.[27]

Another pivotal moment occurred on the last day of the Congress. Sakharov asked Gorbachev to speak, but Sakharov himself took the floor and, with no regard for time, continued to talk about a new agenda for the future, apparently intent on detailing all of the opposition's demands. Gorbachev, reacting to the growing irritation of the majority in the hall, tried to stop him, and after twenty minutes he disconnected Sakharov's microphone. That merely served as a propaganda coup for the opposition. Sakharov was no great public speaker, but the sight of this old man on national television, moving his lips without sound because the audience were booing in disapproval, was the last impression that many people took away from the Congress. Many felt that Gorbachev represented a political system that was silencing "the conscience of the intelligentsia."

Shakhnazarov wrote in 1992 that Gorbachev would go down in history as "the father of parliamentarianism" in Russia. Both admirers and critics agreed that his daring experiment would take an enormous amount of time and effort. The entire summer of 1989 was dedicated to the formation of committees on budgetary and economic reforms, taxation, and other issues. Those committees began to work only in the fall and then prepared their first bills: on land and property, labor conflicts, etcetera. Gorbachev was proud of his overhaul of the country's entire legal system. Yet, bills could only be voted into law at the next session of the Congress in December. By that time, the Soviet Union would already be in a full-blown economic and political crisis.[28]

The main message of the new Supreme Soviet, created by the Congress, was "down with the administrative-bureaucratic system." Much of the legislative work was inspired by the desire to create an economy that would be neither "totalitarian" nor capitalist. The newly minted parliamentarians, showing their zeal to the electorate, presented numerous costly requests to the government to expand the safety-net programs. But just how the necessary means and funds were to be procured was not their concern. Some committees began to act as clearing houses for new lobbies representing enterprises and cooperatives, as well as export-oriented interests. To those economic actors, the Supreme Soviet was prone to grant a higher share of profits and lower taxes. Abalkin, author of the government's austerity program, complained at the end of July 1989 that the

Supreme Soviet "has not passed a single bill to correct the [economic] situation," and thus contributed to the growing impression of "state impotence."[29]

In the old system, represented by the Politburo and the Council of Ministers, there were many flaws. Yet at least the Politburo could be used to deploy new policies and correct mistakes. After June 1989, however, the Politburo could no longer assume that its decisions would be passed by the Congress and the parliament. The Supreme Soviet asserted its control over all government ministries and agencies, using its power of appointment. The deputies confirmed Ryzhkov as Prime Minister but, acting on a populist whim, voted out over half of the Council of Ministers. Among them was a candidate to be Chairman of the State Bank, a well-respected professional called V. Gribov. As Ryzhkov hastily searched for an alternative candidate, his choice fell on Viktor Gerashchenko, a banker with many years of banking experience in the West. Gerashchenko knew his job would be hard as the Soviet financial system was being rapidly destabilized. He spoke with his father, who had been deputy director of the State Bank under Stalin, managed Soviet finances in extraordinary conditions of war and recovery, and lost his job when he criticized Khrushchev's profligate policies. Gerashchenko's father said to him: "Why the hell do you need this?" In the past, only the General Secretary of the CPSU could instruct the State Bank what to do. Yet now the chief banker of the Soviet Union had to respond to the people's deputies, who naïvely believed that "people's control" over the Bank would lead to prosperity for all. Gerashchenko took the job nonetheless, in the hope of limiting the damage to the country's finances.[30]

While the parliament sorted out its functions, discontent with Gorbachev's reforms broke out among the workers in Kuzbass, a big industrial zone in South-Central Siberia that depended on the centralized system of supply and delivery of goods and products across several time zones. This system had been suffering from decades of neglect, but Gorbachev's decentralizing reforms dealt it the final blow. Now even basic supplies were not being delivered; local cooperatives sold basic goods and food for high-end market prices. After watching the Congress on television, the miners sent a collective letter to the Supreme Soviet with a list of complaints and demands, but they got no reply. In July 1989, all across the Russian Federation and Ukraine, mining shafts were shut by their working collectives one after another: about 200,000 miners went on strike and formed striking committees. Strikers demanded a steady supply of consumer goods, food, more housing, new infrastructure and equipment in hospitals, and more medicines in drugstores. Local Party and state officials, after their initial shock and resistance, backed those demands.[31]

This was the first serious revolt of the Russian working class since 1962. Organized strikes remained illegal in the Soviet Union. Yet the Supreme Soviet

acknowledged the strikers' demands were "fair and just" and allocated 10 billion rubles to purchase consumer goods and medicines. Throughout July and August, Ryzhkov, his deputies, and relevant ministries in the Council of Ministers negotiated with the miners. The state ministries imported the required goods. Those purchases had to be paid for with foreign credits or sales of gold from state reserves. The coal-mining ministry raised the miners' wages. The strikes began to abate. Their cost to the Soviet budget was at least 3 billion rubles; the estimate of total economic losses from strikes stood at 8 billion rubles. The Supreme Soviet continued its politics of economic populism by raising pensions, aid to the handicapped and war veterans, and so on. Gerashchenko at the State Bank had to find non-existing funds to pay for this. Abalkin's austerity plans were consigned to the dustbin; the state budget deficit grew and would soon be a staggering 100–120 billion rubles.[32]

"Is this capitulation by the rulers?" mused Shevardnadze's aide in his diary. "Or is this their alliance with the working class against the conservative 'swamp'?" Gorbachev in his memoirs called the miners' strike "a stab in the back" and "perhaps the most serious trial for perestroika." When he discussed reforms, he mentioned Margaret Thatcher. The "Iron Lady" had crushed the British miners' strikes in 1984–85; Gorbachev, by contrast, made concessions to them. The Soviet leader also delegated all trouble-shooting to Ryzhkov. In Chernyaev's diaries, usually so revealing, there is nothing about the events of this summer: Gorbachev's aide was too busy or too depressed to express his views. In his last entry before the summer break, Chernyaev predicted that Gorbachev would lose his authority among the Russian people, because he did not cut a strong figure as leader of the Soviet Union.[33]

Gorbachev was too self-confident to reveal any apprehensions. In July he met with workers from the Kirov factory (in 1917 their predecessors had taken part in the Russian Revolution), but returned visibly shaken. He had witnessed their rising anger against profiteers from the cooperatives; and the workers did not support his reforms. Gorbachev suspected that Moscow democrats were agitating the miners (they were not).[34] Now he no longer wanted to turn to Russian workers for their support. He felt more comfortable dealing with parliamentarians and intellectuals.

HISTORY ACCELERATES

In the spring and summer of 1989, another dramatic development occurred within the Soviet political elites: the Iron Curtain that prevented them from going abroad suddenly parted. This had revolutionary implications for Soviet politics, especially for the educated Moscow-centered intelligentsia. Since

Stalin's times, the West had been the forbidden fruit and the object of intense curiosity for Soviet citizens. The post-Stalin intelligentsia held an "imagined West" as a vital part of their identity, dreams, and cultural self-validation. Several educated cohorts had grown up with a veritable obsession with and idealization of Western culture and music, first jazz, then rock. Many of those people who learned to despise the Soviet system under Brezhnev felt uncritical admiration for all things Western.

In Leonid Brezhnev's household, the General Secretary and his wife had watched Soviet news and entertainment. Their grandchildren instead watched Western movies and cartoons on a large Sony TV screen with a video-cassette recorder (VCR). By 1989, VCRs, along with personal computers, became the most coveted object of social status, as well as an informational tool. Hundreds of new "cooperatives" began to import and sell them in great numbers on the Soviet market, a trade more lucrative than still illegal currency exchange. Yet nothing could be a substitute for the experience of crossing borders. "Trips to the West were the most important status symbol," wrote the Russian scholar Dmitry Furman. "See Paris, and die," was a popular joke, but also a dream for many in the Soviet Union. Scientists, artists, dancers, symphony orchestras, and many Soviet Jews lived in fear that they would not obtain clearance from "competent organs" to cross the Soviet borders—for no apparent reason other than that somebody higher up the pyramid of power questioned their loyalty or someone close to them informed on them. Memoirs from the post-Soviet period are replete with anger and drama regarding the abrogation of that clearance.[35]

In early 1989, the Soviet rules for foreign travel were radically relaxed. It was no longer necessary to grovel and conform to Soviet authorities, including the Party and the KGB, in order to obtain permission for a private trip abroad. During the first half of 1989, the number of approved applications for exit visas reached 1.8 million, three times more than two years earlier. During the same period about 200,000 people received official permission to emigrate, mostly to Israel and the United States.[36] The majority, however, applied for a foreign Soviet passport and a permit to leave the USSR and return—for the first time in their life. Bureaucrats and officials, directors of enterprises, cooperative managers, academic scholars, scientists, artists and actors rushed under the rising curtain. Performers went to perform, artists sold their art, intellectuals delivered talks. The glasnost journalists, academic scholars, government officials, especially those who knew some English and other foreign languages, were in high demand abroad. Western universities, the United States Information Agency (USIA), think tanks, fellowship programs, foundations all used their funds to invite Soviet visitors. Intellectuals were invited by Western foundations.

Scholars have studied this phenomenon exclusively as a factor in bringing the Cold War to an end.[37] Yet, it also delegitimized the Soviet system. Most Soviet diplomats, KGB officials, and military representatives abroad had become habituated to navigation between the West and their homeland; they lived in a kind of controlled schizophrenia. Gorbachev traveled abroad several times in the late 1960s and 1970s, and began to see a humiliating gap between the abundance in Western stores and a dearth of goods in Soviet ones.[38] Yet this was nothing compared with the shock that thousands of Soviet people experienced when they crossed Soviet borders and visited Western countries from early 1989 onwards—many of them for the first time. In May of that year, Shevardnadze's aide and speechwriter Teimuraz Stepanov wrote in his diary about West Germany: "The Devil took us to this Federal Republic, so groomed, preened, accurate, and caressed, where it is particularly painful to think about my beloved country—dirty and exhausted from futile efforts to overcome the utmost ugliness created by the most inhumane regime in the world." A few days later in Irkutsk, on the way to the Sino-Soviet summit, he wrote with even more bitterness: "Who said that my Motherland is less beautiful than the German Heimat . . .? It is, however, gutted [by the apparatchiks] armed with Party directives and a never-ending Marxist-Leninist world view."[39]

For first-time Soviet travelers to the West a visit to a supermarket produced the biggest effect. The contrast between half-empty, gloomy Soviet food stores and glittering Western palaces with an abundant selection of food was mind-boggling. Not a single Soviet visitor was prepared for the sight of pyramids of oranges, pineapples, tomatoes, bananas; endless varieties of fresh fish and meat, in lieu of a butcher cutting chunks from bluish hulks from a freezer; efficient cashiers with a smiling attitude, instead of rude saleswomen doling out greasy cans and jars to a long line of desperately hungry customers. And then actually to be allowed to touch, to smell, to savor! A severe aftershock awaited Soviet visitors upon their subsequent return to the Soviet Union, and to scenes of misery. This experience changed Soviet travelers forever. Western standards, unimaginable before, immediately became the new norm. Soviet realities, part of everyday habit, suddenly became "abnormal" and therefore revolting, unbearable.[40]

Most of the newly elected deputies of the Supreme Soviet traveled to the West in March–August 1989 for the first time at the invitation of Western parliamentarians, universities, non-governmental institutions, and émigré friends and relatives. Gennady Burbulis, elected to the Congress of People's Deputies, had grown up as an admirer of Lenin and joined the Party on his centennial in 1970. Because of his security clearance (he had served in strategic rocket forces during his obligatory draft), he never had a chance to travel outside the Soviet Union. In June 1989, however, he joined the MDG opposition in the

Supreme Soviet and traveled with a group of other deputies to Stockholm for a seminar on "Swedish socialism." Many years later he still recalled the shock from visiting a giant fish supermarket: a mile of stands and aquariums filled with fresh fish, oysters, calimari, shrimp, and other sea creatures. Equally amazing for Burbulis was the absence of long lines of customers. Burbulis left Stockholm as an enthusiast of "Swedish socialism" and an even more bitter enemy of the Soviet Party system.[41] Another member of this group, Nikolai Travkin, a construction worker and Soviet patriot, joined the MDG as a fan of "democratic socialism." His Soviet identity also crumbled in Stockholm. He returned to Moscow an angry man, convinced that the communists had been fooling Soviet people all along. In March 1990 he quit the Party and launched the Democratic Party of Russia in an attempt to seize power from the nomenklatura.[42]

The most consequential eye-opening experience occurred to Boris Yeltsin. In June 1989, he asked the American ambassador Jack Matlock to help him visit the United States. The idea came from Yeltsin's aides Lev Sukhanov and Pavel Voshchanov, who wanted to raise his international profile. Matlock's attempt to contact US Congressmen and their staff did not produce results; then Yeltsin's people discovered Gennady Alferenko, a remarkable cultural entrepreneur, founder of one of the first cultural NGOs of Gorbachev's era. Alferenko specialized in East-West public diplomacy and operated under KGB supervision. He contacted Jim Garrison from the Esalen Institute, an esoteric cultural center in Big Sur, California. The two worked out a ten-day lecture tour for Yeltsin across the United States; the proud Russian wanted to pay for all his expenses abroad. The tour began in New York on 9 September 1989 and covered eleven cities in nine states. This visit was more intense than Khrushchev's "discovery of America" in 1959. And it was to have even more impact on the fate of the Soviet Union.[43]

Available accounts of Yeltsin's journey vary from stories of drinking bouts, scandals, and gaffes to descriptions of his eye-opening experiences.[44] All of them were true. Yeltsin's political agenda was still to build a "democratic socialism," but without the Party monopoly on power. This was what he wanted to tell Americans and their leaders. He relished attacking Gorbachev on every occasion and in every interview. At the top of Yeltsin's list of engagements was a meeting with President George Bush. Jim Garrison knew Condoleezza Rice, who worked at the National Security Council on Soviet affairs, and contacted her. Ultimately, Yeltsin met instead Bush's National Security Advisor, General Brent Scowcroft. President Bush "dropped by" for a chat during that visit. The Russian and his aides left the White House in a triumphant mood. Sukhanov recalled: "Yeltsin was the first among the high-placed Soviet leaders

who broke 'the seal' on the White House during the rule of Bush. Not Gorbachev, but Yeltsin."[45]

The United States was the first country that Yeltsin had ever visited outside the Soviet Union on his own rather than as part of an official Soviet delegation. He was feted and dined by wealthy Americans, flown by private jets, and stayed in the houses of American millionaires. Although he expected the lifestyle of the super-rich to be a never-ending feast, the real shock for him was his impromptu visit to Randalls discount supermarket, on the way to Houston Airport. As a regional party secretary, Yeltsin had spent years battling with lack of food supplies in his Sverdlovsk region. His greatest achievement had been to establish a system of poultry farms near Sverdlovsk that supplemented the meagre diet of workers in the industrial plants and factories. Randalls supermarket amazed him. This was an average place where the poorest American could buy what even the top Soviet nomenklatura could not back home. In the sweltering Texan desert Yeltsin and his entourage entered an air-conditioned paradise. The aides saw Yeltsin brooding, as if he was thinking: "Does this cornucopia exist every day for everyone? Incredible!"[46]

Yeltsin realized how stupid he must have appeared in the eyes of his American hosts when he repeated the slogans of "democratic socialism." He said to his aides: "What did they do to our poor people? Throughout our lives, they told us fairy tales, tried to invent the wheel. And the wheel already exists . . . yet not for us." An aide wrote that "the last prop of Yeltsin's Bolshevist mentality decomposed" at this moment. After returning from his American trip, while speaking to journalists and his MDG colleagues, Yeltsin regaled them with details of his supermarket visit. He waxed lyrical about the "madness of colors, boxes, packs, sausages, cheeses," and rhapsodized that the average American family spent one-tenth or less of their salaries on food, while a Soviet family spent over half of their salaries on food, and more. Yeltsin decided that his mission now was to bring the "American dream" to the Russian people.[47]

The Congress of People's Deputies, the parting of the Iron Curtain, and liberalization in Eastern Europe had a spill-over effect on the Baltic nationalists. While the Supreme Soviet of the USSR sat in summer session in Moscow, Lithuanian deputies from *Sajudis* requested an official visit with the ambassador, Jack Matlock, and asked him point-blank whether the United States would recognize their independence. Matlock, stunned by their audacity and haste, explained that he and the American government were supportive of Baltic independence, yet sovereignty implied full control over the territory of a sovereign state. "So we're on our own?" one Lithuanian asked. Matlock felt stung by this question, but he had to confirm that if Soviet troops used force, the *Sajudis* nationalists would be as vulnerable as the Chinese students on

Tiananmen Square. The West would not even be able to provide economic aid, as long as the Soviet authorities were in control of all ports and communications.[48] Supporters of Baltic independence found no assistance forthcoming in Western Europe either, and even less sympathy.[49]

The Congress in Moscow created a special commission to investigate the German-Soviet talks in 1939; it was led by Yakovlev. The existence of a copy of the "secret protocols" was widely known in the West, where they had long been published. Yet the original documents remained locked away in Gorbachev's personal safe. He refused to acknowledge that Stalin's annexation of the Baltic states was a direct consequence of the deal between the Soviet leader and Hitler. "The unconditional denunciation [of the Pact] would have meant that we accept the main guilt for unleashing the Second World War," argued Vadim Medvedev at the Politburo. Gorbachev agreed. "Demagogues must be rebuffed. Otherwise, it looks like we waged the Second World War to acquire a miserable agrarian Lithuania!"[50]

The Balts took the matter into their own hands. The Russian miners' strikes emboldened them and strengthened their case. In August, Baltic nationalists decided to mobilize a massive protest on the fiftieth anniversary of the Molotov-Ribbentrop Non-Aggression Pact. Acting on the initiative of Estonia's Edgar Savisaar, on 23 August they staged a gigantic human chain that stretched all the way from Tallinn to Vilnius, some 600 kilometers. The media called it the "Baltic Way." The popular mood among the Balts was to break away from the Soviet Union as soon as possible. Millions of them did not believe that Gorbachev's program of liberalization would last. They therefore wanted to exit from the Union before this unique window of opportunity shut tight once again.[51]

In late July, Gorbachev proposed a new Union treaty that would transform the Soviet centralized state into a voluntary federation. Vladimir Shcherbitsky, long-time leader of the Ukrainian Communist Party, strongly objected: this would only open a can of worms. Eduard Shevardnadze was also pessimistic: he knew that Georgian nationalists, with the support of the masses, wanted full independence and demanded membership for Georgia in the United Nations. The reconstruction of a federation in turbulent times would only increase the risk of uncontrolled secession. Ryzhkov continued to push for an economic confederation, as long as the rights and property between the Center and the republics were delineated.[52] After the Baltic Way, Gorbachev shelved the proposal. He would, however, return to it one year later.

During the summer of 1989, the winds of independence spread to other national republics of the USSR. In Moldova, nationalists demanded independence. In Ukraine, a group of writers and intellectuals in Kharkov prepared the

first conference of the People's Movement of Ukraine for Perestroika (*Rukh*). The authorization to set up this movement, along the lines of the Baltic popular fronts, had come from Gorbachev's office earlier. Shcherbitsky, leader of the Communist Party in Ukraine, strongly opposed this idea, but his days in power were numbered. The conference of Rukh opened on 8 September and lasted for three days. Most of the 1,200 delegates were Party members, but there was a minority of dissidents and former prisoners who demanded the restoration of an "organic" Ukrainian state that the Bolsheviks had disbanded in 1918.[53]

Among 500 guests at the conference were nationalist activists and intellectuals from the Baltics, South Caucasus, and delegates from the MDG. Eastern Europeans also came. The dissident members of Rukh were hugely impressed by the events in Poland, namely Solidarity's round-table discussions with the government and the quasi-free elections. Even more, they were inspired by the "Baltic Way." They vocally supported the Baltic denunciation of the German-Soviet Pact, although it was because of this agreement that Western Ukraine was annexed and became part of the Ukrainian Soviet Socialist Republic. The leadership of the Ukrainian Communist Party and the KGB were at the conference as well. Leonid Kravchuk, head of the agitation and propaganda department of the Ukrainian Party, was born in one of the regions that Stalin had annexed to the USSR in 1939. As Kravchuk listened to the nationalists, he concealed his emotions well. When someone pinned on his lapel a small blue-yellow flag—the colors of an independent Ukraine—Kravchuk took off his jacket just in case. But he did not remove the flag.[54]

In Moscow, independent deputies from the Supreme Soviet's MDG began to stage mass rallies in support of national movements within the Soviet republics. They did not want or expect a complete dissolution of the Soviet Union. On the contrary, Sakharov and his followers believed that complete and unconditional sovereignty and freedom of choice, based on the principle of national self-determination, was the only way to preserve the multi-ethnic country. Sakharov in particular was convinced that the Union forged by Lenin and Stalin had to be "reinvented" constitutionally as a voluntary "equal union of the sovereign republics of Europe and Asia," with a new constitution and a democratic central government. His constitutional project was to rebuild the country from the bottom up; to abolish small national-territorial districts and make republics the only subjects of the future Union. This was an intellectual utopia, but most of Sakharov's colleagues, Russian intellectuals, mimicked his folly. They believed that giving more power to the republics was an effective way to tame nationalism, or at least to bargain with separatists. In a sense, they were reaffirming the Leninist utopia.[55] The only exception was the ethnologist Galina Starovoitova. She worked for many months "in the field" in Abkhazia, Armenia, and Nagorny

Karabagh, and when the Armenian-Azeri conflict erupted, sided with the Armenian nationalists. Speaking at the meetings of the opposition in July 1989, Starovoitova said that, instead of the Soviet constitution of a future democratic federation, some republics should opt for full sovereignty and their own constitutions. "The reaction was negative," Starovoitova recalled. "Perhaps only Sakharov reacted positively." In September, she traveled to the United States for the first time, as a fellow of the Kennan Institute for Russian studies. She was surprised to find that American scholars, just like her colleagues at home, found her radical forecast of a Soviet break-up improbable. Only the scholars and activists of Baltic and West Ukrainian descent expressed their heartfelt approval.[56]

"REVOLUTION EQUALS INSTABILITY!"

In early August 1989, Gorbachev left Moscow for his customary Crimean vacation. In his luxurious villa, he dictated to Chernyaev a theoretical text for a long-delayed Party Plenum on national affairs. The text did not pan out. Instead, Gorbachev issued "a declaration of the Central Committee" that described the Baltic Way and separatist course of the Baltic popular fronts as a conspiracy of "anti-Soviet, de-facto, anti-national elements," who whipped up "nationalist hysteria," "full of venom towards the Soviet order, to the Russians, to the CPSU, to the Soviet Army." The document was so much at odds with the new political atmosphere in the country that the Balts suspected it had been concocted by Party hardliners behind Gorbachev's back.[57] Gorbachev's approach could be described in the form of a Russian fairy tale: A peasant wanted to transport a wolf, a goat, and a sack of cabbage in his boat across the river; but he did not know how to do this in one go and simultaneously keep his load intact. In trying to regain his balance amid a host of problems, Gorbachev was thinking out loud in the presence of Chernyaev, as if arguing with some conservatives: "Stabilization will be the end of perestroika. Stability is stagnation. Revolution equals instability!"[58]

Chernyaev believed his boss was now out of touch. Gorbachev's aide was now in agreement with those who wanted "to bury" Lenin. "They look into the core," he wrote. "For we cannot build our country on Leninism." Two weeks later, when observing the rising popular protests in East Germany, Chernyaev wrote that "the total dismantling of socialism as a global phenomenon was taking place" and concluded that it was probably "inevitable and good," because it meant "self-liquidation of a society that was alien to human nature and the natural course of things." Just as for other radicalized Party reformers, the liberal West began to look "natural" and "normal" to Chernyaev, in contrast to the "abnormality" of the Soviet Union. He had also got the bug of radical impatience. Why did

Gorbachev remain stuck with the old Politburo? Why did he not use his presidential status to get rid of the remains of the old political order? The only difference between Chernyaev and the opposition, which some of his friends joined, was his abiding loyalty to Gorbachev.[59]

Gorbachev refused to acknowledge that he was losing control over events, and over history. He composed speeches on Party unity and the harmonization of nationalities. In October 1989, he convened a conference of journalists and editors, where he, rather belatedly, accused the glasnost leaders of going too far, rocking the boat, and whipping up public passions. "People are at the end of their patience, we are sitting deep in kerosene," he complained, "and some of you carelessly throw matches." He singled out the sociologist Tatiana Zaslavskaya, who had predicted that the whole country would soon be on food rationing. He berated the economist Nikolai Shmelyov, who had published widely read articles about the failure of the Soviet economy. And he attacked one of the MDG organizers, Yuri Afanasyev, who had called for immediate freedoms and the right of republics to exit the Union. An editor of the hugely popular tabloid *Arguments and Facts* invoked Gorbachev's anger for publishing a ratings list in which Gorbachev was below Yeltsin. A witness recalled: "[Gorbachev] lectured us as if we were a class of naughty pupils . . . I saw him in a new light, an unfamiliar, ruffled man." The conference further diminished Gorbachev's authority: he managed to alienate those who respected him, but he did not use his power to oust any of them from their positions.[60]

The Soviet leader continued his course of reforming the Politburo. He eased out Shcherbitsky, who had questioned the wisdom of liberalization in Ukraine, and the ex-KGB leader Viktor Chebrikov, who had advocated the creation of an emergency apparatus of power under Gorbachev, to deal with separatism, economic recession, and rampant crime. Gorbachev took Chebrikov's proposal as a criticism of his method of governance. "I do not think we should create a parallel structure to implement decisions and to control their implementation," the General Secretary said. "We should co-opt people into our work. And this will not happen until people see improvements."[61] Those improvements never came.

Gorbachev filled the Politburo vacancies with his candidates: Yevgeny Primakov, an ambitious expert on the Middle East; Yuri Masliukov, Chairman of Gosplan, the State Planning Committee; and Vladimir Kryuchkov, the head of the KGB since the fall of 1988. Many historians and biographers wondered why Gorbachev elevated Kryuchkov, an apparatchik without any particular merits. Kryuchkov had been a lifelong aide to Yuri Andropov, and had transferred his unflagging loyalty to Gorbachev. The KGB chief promoted all the perestroika policies that Gorbachev wanted. The British ambassador commented on him: "Kryuchkov does a great imitation of an up-to-date and liberal police

chief. But not all will be convinced."[62] Two years later, this baby-faced man would place his boss under house arrest.

In October and November 1989, Gorbachev's Politburo focused on the danger of the Lithuanian secession. They demanded that the Lithuanian leadership postpone a republican Party congress, which was expected to vote in favor of a political divorce of the Lithuanian Party from the CPSU. Their Party leader Brazauskas explained that it was impossible. Then Gorbachev sent a personal appeal to the Lithuanian "comrades": "Marching separately would take us into a blind alley," he wrote. "Only together, and only forward to a humane, democratic, prosperous society! With communist greetings, M. Gorbachev."[63] Everybody could see, however, that the Soviet Union was marching in quite a different direction. Discussing the Baltic separatists on 9 November, Gorbachev dropped a meaningful remark: "They have a new theme: 'We do not want to perish in the common chaos.' "[64]

THE WALL FALLS

Gorbachev's ambition was to synchronize domestic reforms with the construction of a "Common European Home." The Soviet leader, however, had a remarkably vague idea of what exactly this "home" would look like. He only knew that it was necessary for his ideological vision and for Soviet economic reforms. On 12 June 1989, he traveled to West Germany, this time with a large team of industrial specialists and managers. Gorbachev, just like Andropov, viewed Germans as key partners in the modernization of the Soviet economy. The Kremlin encouraged Soviet industries and enterprises to create "joint ventures" with West German firms: fifty-five such deals had already been reached. In Bonn, the Soviet delegation concluded eleven new agreements, many of them on economic cooperation.[65]

On 6 July, the Soviet leader was in France and delivered a speech to the Council of Europe in Strasbourg. In it he offered cooperation between the two parts of Europe that had long been divided. The Soviet Foreign Ministry, however, had not been informed about the content of the speech; Chernyaev had instructed a colleague, Vadim Zagladin, to draft the text: "Do not contact anyone or seek anyone's advice; do not disclose what you are working on." In Strasbourg, the speech received an ovation from socialist and social democratic deputies. In Gorbachev's address he implicitly supported the vision of France's President Mitterrand, of a Europe stretching from Vancouver to Vladivostok, but one that was also meant to check possible American attempts "to destabilize Eastern Europe." Gorbachev had a special request for Mitterrand; he asked him for his help to include the Soviet Union in the "world economy"

and to include this issue on the agenda of the G-7 summit in Paris, 14–16 July 1989.[66]

During a one-on-one meeting in Bonn back in June, Helmut Kohl asked Gorbachev what would happen to Eastern Europe and East Germany. "With regard to our allies," the Soviet leader clarified, "we have a solid concept: everyone answers for himself." This was more than a renunciation of the Soviet right to intervene in Eastern Europe. It was in effect the end of any common policy within the Eastern bloc, a signal that each Eastern European country would be left to survive alone in the global economy. On 7–8 July, immediately after his triumph in Strasbourg, Gorbachev attended a political summit of the Warsaw Treaty Organization in Bucharest. There he pressed onto Eastern European leaders the same message he had delivered to Kohl. It was the moment when East Germany's Erich Honecker, Romania's Nicolae Ceaușescu, Bulgaria's Todor Zhivkov, and the Czechoslovak leadership finally realized that the Soviet Union was about to leave them to their own devices.[67]

There were numerous problems with Gorbachev's vision. Soviet economic reforms were not working; decentralization and changing rules on foreign trade were confusing potential Western partners. Lothar Späth, the Christian Democratic Union leader of the State of Baden-Württemberg, complained to Gorbachev that, in the past, Soviet ministries and other state agencies had signed contracts and provided financial and legal guarantees as to their completion. This system no longer worked; and the new system had not yet emerged. Soviet enterprises had the freedom on paper to engage in foreign transactions, yet their bosses did not know what they were allowed to do. "This complicates practical cooperation," concluded Späth.[68] Gorbachev ignored this important signal. Half a year later, however, this problem would bury Gorbachev's dream of modernizing the Soviet economy.

There was also the problem of timing. Left to its own devices, the communist nomenklatura in Eastern European countries began to realize that the keys to their future were no longer in Moscow but instead in Western capitals and banks.[69] This was especially true of Hungary and Poland. In both countries, the immediate prospect of default and bankruptcy pushed the leadership to co-opt the opposition into the government and hope the West would relent on their debts. This deal seemed to have worked at first in Poland: on 4 June 1989, the Poles voted in contested elections, second in the bloc after the Soviet elections, to elect their Senate and about one-third of the Sejm, the Polish Assembly. The opposition won the lion's share of the seats. At the same time, the opposition leaders still were not certain how far they could go without invoking a Soviet backlash. The bloody crackdown in China's Tiananmen Square, which happened so dramatically on the day of the Polish elections, restrained them considerably.

Still, the pro-Soviet leader of Poland, General Jaruzelski, was elected as the country's president by a majority of one vote. In Hungary, young people, including Viktor Orbán, then a democratic iconoclast, were eager to rock the boat of communist rule. And the Hungarian communist leaders followed this up, to test "the leash" that led to Moscow. In May, the communist Prime Minister Miklós Németh declared that, because of a shortage of funds, he would begin to remove the costly system of frontier installations with Austria, installed during the Cold War. Historians believe that this was the move that created a domino reaction: in September, East German refugees traveled to Hungary in order to cross the border into Austria, and then on into West Germany. This was the beginning of a terminal political crisis for the Honecker regime; in October, East Germany was already embroiled in a fever of popular revolution, with hundreds of thousands of people in Leipzig and other cities demanding economic and then political rights.[70]

Gorbachev, despite many warnings from Yakovlev and Soviet experts on Eastern Europe, was surprised by this acceleration of events. The Soviet internal crises affected the way Gorbachev, Shevardnadze, and their entourage viewed the accelerating changes in Europe. "It is clear that we will not intervene in Polish affairs," Teimuraz Stepanov confided in his diary on 19 August 1989. "We are stuck with our own disarray that we should fix. But how? Wherever you look—Hungary, the Baltics, or across the fence—everywhere there is disintegration of the order and the former state of things." Instead of a summer vacation, Stepanov accompanied Shevardnadze to Abkhazia in South Caucasus. The Foreign Minister of a superpower had to troubleshoot in his former bailiwick, and negotiate a truce between the Abkhazians and the Georgians. In the midst of this thankless mission, the news came from Moscow that in Poland the Sejm had elected the first non-communist Prime Minister, Tadeusz Mazowiecki, one of the Solidarity leaders. The Romanian ruler Ceaușescu requested an emergency meeting of the Warsaw Pact to deal with this matter. Stepanov reacted with fatalism: "In the key country [of the communist bloc] socialism is coming to an end calmly, without agony and painful convulsions."[71]

The real agony for Shevardnadze was not the future of Hungary, Poland, or even East Germany, but the tragedy taking place in his own homeland. The Georgian-Abkhaz inter-ethnic conflict grew worse by the day. Intellectuals and artists, who had been part of the Soviet intelligentsia all their life, became divided as mortal enemies, in the trenches of nationalism. There was no middle ground and violence spread fast. Andrei Sakharov, terrified by the vortex of hatred in South Caucasus, appealed to the Georgian intellectuals to respect the rights of ethnic minorities and defined the republic as a "mini-empire." This enraged Zviad Gamsakhurdia, the top nationalist behind Georgian rallies in Tbilisi in April. He

blamed Sakharov for representing "Russian imperialism" and his wife, Yelena Bonner, for promoting "Armenian nationalism." Gamsakhurdia wanted "Georgia for Georgians" and had a fanatical mass following. In September 1989, 89 percent of Georgians believed their country should be independent of the USSR.[72]

The KGB, the GRU (the Soviet military intelligence service), and diplomats, stationed in Eastern Europe, bombarded Moscow in vain with their warnings about the political chaos in the region. The Soviet Embassy in the GDR proposed to interfere in the East German political crisis and work out political measures to regain the initiative. The leadership in Moscow ignored those messages. Finally, Gorbachev reluctantly agreed to take part in the commemoration of the fortieth anniversary of the GDR on 7 October 1989. He did not know what to say to the East German leaders. "Gorbachev goes to the GDR without a coherent policy," cabled the well-informed British ambassador from Moscow to London. "While he shuts his eyes and hopes that the German question will go away, events on the ground are overtaking him." Chernyaev quoted his boss saying that he wanted to go to Berlin "to support the revolution." It was a bizarre remark: the leader of the top communist country was about to express his solidarity with those in East Germany who demanded an end to the Soviet-run system. Yet Gorbachev was already on a mission to transform this system in his own country. He still believed he would make history, and not be regarded as someone who had merely bobbed on the surface of a revolutionary deluge.[73]

The Bush administration, on whose cooperation Gorbachev and other Soviet reformers had counted so much, watched with growing amazement the revolutionary developments inside the Soviet Union, and then in Eastern Europe. A junior member of the administration, Philip Zelikow, recalls that the White House was closely following how Gorbachev would react to the Polish elections. "That was the key test, and boy has he been passing it." And yet Bush and Scowcroft just could not believe that Gorbachev was letting Eastern Europe go. Scowcroft's deputy, Robert Gates, was convinced that Gorbachev's reforms would fail, and the Soviet Union would return to its belligerent ways. Secretary of Defense Dick Cheney thought that "the Soviets were as dangerous as ever, and despite its friendlier tone, communism remained just as evil as Reagan had once preached."[74]

In July 1989, Bush and his team toured Poland and Hungary, and then participated in the G-7 summit in Paris. He was impressed by the reforms in Poland and Hungary; the dismantling of the Iron Curtain moved him to tears; but the speed of change and the radicalism of anti-communist Eastern Europeans reminded him of the revolutions of 1956. He feared that this could lead once again to a Soviet backlash and intervention. All the US allies, above all President Mitterrand, believed that the Cold War was over, and that the American lack of

communication with Gorbachev was intolerable. Bush tried to cool the enthusiasm of Western Europeans for Gorbachev's requests to bring the Soviet Union into the International Monetary Fund, World Bank, and the international talks on tariffs and trade (GATT), as well as to increase ties with the European Economic Community. The White House wanted to keep intact all structures that would allow the United States to continue waging the Cold War if necessary. Still, the trip to Europe had convinced Bush that the United States could not remain isolated from the process of rapid change. He therefore proposed to Gorbachev a "working meeting" in early December.[75]

As the fall of 1989 began, CIA analysts and the American Embassy reported to Bush and Scowcroft about potential disaster already developing *inside* the Soviet Union. During his visit, Yeltsin told them: "Perestroika is on the edge of collapse . . . There is a crisis in the economy and finances, with the Party, politics, nationalities."[76] On 21 September, Shevardnadze confirmed this message at his meeting with Bush and Scowcroft after the official talks.[77] Bush and Scowcroft ignored Yeltsin's words, but were struck by the candor of Shevardnadze's remarks. Still, the only scenario they could imagine was one like Tiananmen Square: the restoration of stability and order in the Soviet Union by the use of force.

Meanwhile, the popular movement in East Germany produced a spectacularly dramatic moment at the end of October, with mass demonstrations. In view of Gorbachev's deliberate refusal to get involved, the younger East German politicians scrambled to act themselves. They sent their aged leaders, the Party head Erich Honecker and the Stasi chief Erich Mielke, into retirement, and tried to put down the uprising by promising reforms. The new East German leader Egon Krenz knew that his state was bankrupt: the GDR had accumulated a large amount of debt that it owed to West Germany. Krenz rushed to Moscow to ask for Soviet assistance, but Gorbachev ignored his appeal: the Soviet budget was running low on foreign currency reserves. Scrambling for solutions, Krenz and his comrades promised East German citizens state-regulated travel to West Berlin. In the midst of their chaotic moves, an error by one confused official led to an unexpected release of pent-up tension: the opening of the Berlin Wall. On the night of 9 November 1989, a confused border guard let jubilant and stunned crowds of East Germans pass through formidable checkpoints and pour into West Berlin.[78]

During the rest of November, the communist regimes in Eastern Europe, led by Soviet clients, toppled one after another. The cautious Czechoslovaks followed in the footsteps of the triumphant East Germans and staged "a velvet revolution" demanding the end of Party rule and the withdrawal of Soviet troops. In Bulgaria, people did the same. Pragmatic people of the communist nomenklatura in those countries hurried to get rid of the compromised leaders,

alter their political colors, and add "democratic" to the changed names of their parties. In Poland and Hungary, the ruling parties melted away like snow, while their leaders declared allegiance to political pluralism, democracy, and Western values.[79]

The revolutions of 1989, just like the radicalization in the Soviet Union during this year, was caused, among other factors, by a mass seduction of people by Western-style consumerism. While thousands of East Germans danced on the Berlin Wall in an ecstasy of freedom, hundreds of thousands swamped luxurious stores in West Berlin; they wanted to see, touch, and savor the forbidden fruit. "During the chaotic days of the Cold War's end in East Germany and throughout Eastern Europe," observed an American scholar, "capitalist-made consumer goods often seemed both the symbols and the substance of freedom." At the end of 1989, *Playboy* magazine claimed it was "exporting the American dream" as the first American consumer magazine published in Hungarian.[80]

"The post-Wall effect" now stood for a triumph of the West over the Soviet Union. William Taubman summed this up as follows: "The fall of the Berlin wall eventually changed almost everything. Until then, Gorbachev was the prime initiator of change . . . Afterward, he had to react to changes initiated by others—by masses of people on the ground in the GDR, by Eastern European politicians moving beyond Communism, by Western European and American leaders ignoring or challenging Gorbachev's vision."[81] Gorbachev himself, however, seemed unable to grasp the symbolic and political significance of what had happened. He was too busy with internal troubleshooting. On the night the Wall was breached, the Politburo retired late, following a long discussion about internal problems, above all Lithuania. Six days later, in a public speech, the Soviet leader rejected Margaret Thatcher's declaration about the "crumbling of the totalitarian socialist system" in Eastern Europe. He also told the British ambassador with breathtaking aplomb that events "are going in the right direction . . . Perestroika will reach out to you as well."[82] He refused to admit, perhaps even to himself, that his beautiful vision of a more open Soviet Union, gradually integrated into a "Common European Home," had become a victim of Eastern Europe's political stampede.

The Fall of the Berlin Wall and the domino-effect collapse of communist regimes in Eastern Europe heralded the greatest geopolitical opportunity presented to the West since 1945. President Bush suddenly had a formidable hand to play at his meeting with Gorbachev. Even the skeptical Brent Scowcroft realized that "suddenly everything was possible." The familiar Cold War framework had shattered and the emerging new world was "literally outside our frame of reference." Prudence, however, dictated to Bush and Scowcroft that

they tread cautiously. Scowcroft also concluded that the revolutions in Eastern Europe made reversing the course of perestroika even more probable. In the end, Bush opted to be an optimist. Perhaps, he reasoned, the Soviet Union was "a ticking time bomb," but he wanted to engage the Soviet leader and take him up on his good words for as long as possible.[83] It was crucial to secure the revolutionary changes, and help the Soviet leader to manage his military forces and hardliners. The Baltic demands for independence were a special concern for Bush and Scowcroft in this respect. The Balts had support from the extremely active and well-organized Baltic Americans and their sympathizers on the Republican Right. The Baltic-American émigrés were actively involved in the independence movements: they brought recording and printing equipment, they funded the first foreign trips of the *Sajudis* leaders. They also played a significant role in key American states during elections.[84] At the same time Lithuanian secession could become a detonator of the Soviet conservative backlash, which could affect Eastern Europe and even East Germany, where Soviet troops still remained.

The meeting of Gorbachev and Bush on 2–3 December 1989 on the Soviet cruise ship *Maxim Gorky* near Malta attracted world attention. Gorbachev arrived at the meeting after his phenomenal diplomatic triumph in Italy. In Milan, he had been mobbed by people weeping with joy and showing quasi-religious veneration for the Soviet leader. For Gorbachev, the summit meant the psychological and political end of the Cold War.[85] On the US side of the talks the mood was very different: friendly, not warm, and sometimes tense. Bush had been seasick. The Soviet negotiating team was anxious, and Marshal Akhromeyev, Gorbachev's military advisor, was glum. On the Soviet side, only Gorbachev radiated energy and confidence, as if he had "won" rather than "lost" Eastern Europe. He beamed with pleasure when Bush said that he wanted to waive the Jackson-Vanik amendment to the US-Soviet Trade Act. This clause had been adopted in 1974 and linked American trade with the Soviet Union to freedom of emigration; it had helped to wreck Soviet-American economic relations and détente. Bush promised to "explore with Congress" the lifting of limitations on US export credits and guarantees, which prevented American businesses from operating in the Soviet Union. He also supported Soviet participation in GATT. He said nothing about Soviet membership of the IMF or World Bank.

The Soviet leader clearly needed money; he was frank about the problems at home and listed his unexpected deficits: 8–10 billion rubles from Chernobyl, 12–14 billion rubles from the Armenian earthquake, and more from the drop in oil prices. Some of his economists were singled out for blame—Gorbachev referred to the Soviet economist Nikolai Shmelyov who had advised him to spend

16–20 billion on imports, to satisfy Soviet consumers. Bush politely replied that he also had budgetary problems, cleaning up the $50 billion mess inherited from the Reagan administration. The US Secretary of State James Baker advised Gorbachev to use Soviet gold reserves to sell gold-backed bonds abroad.[86]

Bush set out the American demands. He pushed Gorbachev to halt assistance to Fidel Castro's Cuba and the communist Sandinistas in Nicaragua. This was top of the US list of priorities. The Soviet team was surprised. Gorbachev wanted to draw a "strategic and philosophical" line under the Cold War. On the second day of the summit he unveiled his surprise for the Americans—but it was not the one that Bush and Scowcroft feared. "I want to say to you and the United States," Gorbachev said solemnly, "that the Soviet Union will under no circumstances start a war. The Soviet Union is no longer prepared to regard the United States as an adversary." For the Soviet leader, this was a fundamental statement, a foundation for all future negotiations, but Shevardnadze and Chernyaev noted that Bush did not react. The Soviet offer was a hand extended, but without a handshake. The conversation dissipated into specific and familiar areas of discussion about arms control.

At the very end, the two leaders spoke about the Baltics. Gorbachev explained that he could not just let the Balts go unilaterally: the constitution required an equal treatment of all republics. If he just let Lithuania go, this "would bring out all sorts of terrible fires" in other parts of the Soviet Union. Bush replied: "But if you use force—you don't want to—that would create a firestorm." Gorbachev bristled at what he saw as a double standard: the US troops were in the process of intervening in Panama, where they would seize its ruler Manuel Noriega and put him in jail in the United States. Still, he did not give the usual Soviet rebuff about US meddling in internal Soviet affairs. Gorbachev was relieved that Bush refrained from triumphalism about Eastern Europe and the Berlin Wall. He was hopeful of a better future partnership.[87]

After the Malta meeting, Scowcroft flew secretly to Beijing, where he shook hands with "the butchers of Tiananmen" and assured the Chinese leaders that nothing would affect the Sino-American partnership. The Chinese accepted American reassurances almost indifferently. They were openly contemptuous of Gorbachev's policies. The Kremlin leader, said the Foreign Minister Qian Qichen, wanted to build a new order, but he could not maintain stability in his own country. Qian also shared some surprising news with Scowcroft: the Soviets had asked China, a very poor country, to lend them money.[88]

Inside the Warsaw Pact, people had even fewer illusions about where the wind was blowing. After his summit with Bush, Gorbachev returned to Moscow to meet with leaders of the Soviet bloc. Its fate was clear: half of the participants at the meeting were non-communists or anti-communists. The Polish Catholic

Prime Minister Tadeusz Mazowiecki sat next to the Polish President, General Jaruzelski. Romania's decidedly communist Ceaușescu sat apart, as if under quarantine. One senior Soviet diplomat said to Shevardnadze's aide Stepanov: "Half of these people will not be around at the next meeting." Stepanov replied: "If the next meeting ever happens." At Gorbachev's suggestion, the meeting approved a draft declaration that denounced the invasion of Czechoslovakia in 1968. Stepanov was surprised by the poor editing of the draft. "If all crucial questions are being decided in such a way, then it is clear why the country has reached such an impasse."[89]

On 16 December, the dictatorship of Ceaușescu in Romania, the last communist regime in Eastern Europe, began to fall. On that day, Shevardnadze visited the NATO headquarters in Brussels for the first time, to meet with its Secretary General Manfred Wörner. When the Soviet entourage arrived, the entire NATO staff came out and greeted the Soviet Foreign Minister with a standing ovation. Shevardnadze was visibly moved and muttered words of gratitude. Stepanov, however, viewed this spectacle through the lens of the Soviet domestic crisis. He, just like Shevardnadze, knew perfectly well that this standing ovation to Soviet foreign policy would only invoke the wrath of critics back home. "Only the well-nourished public in America and Europe," wrote Stepanov in his journal, "can afford to applaud their liberation from the fear of nuclear Apocalypse. This feeling is denied to the country, where hunger and misery cloud the light for people."[90]

The year 1989 witnessed many revolutionary transformations. In the spring and summer, Gorbachev's course of political liberalization produced significant radicalization, this time not in the national borderlands, but in the core of the country, above all in Moscow, Russian-speaking industrial regions, and within the ruling elites. The facade of communist ideology collapsed first, then came the turn of the external empire in Eastern Europe. The Fall of the Berlin Wall eclipsed Gorbachev's perestroika; it also became clear that the Warsaw Pact had no future. For the Soviet leaders and elites, however, the internal crisis began to overshadow external events. Gorbachev claimed abroad that the Soviet Union would join a "Common European Home." Yet his closest aides and advisors began to doubt whether the Soviet House would remain intact.

CHAPTER 5

CROSSROADS

Thus conscience does make cowards of us all . . .
And enterprises of great pith and moment
With this regard their currents turn awry,
And lose the name of action.
William Shakespeare, *Hamlet*

THE TIME OF ECONOMISTS

In February 1989, on a visit to Moscow, the British economist Alec Nove said about the Soviet economy: "Not only can't I see the light at the end of the tunnel. I can't even see the tunnel." Nove was born as Alexander Novakovsky in St Petersburg in 1915, emigrated to the United Kingdom with his family after the Revolution, and taught Soviet economic history in Glasgow. In November 1989, Nove visited Moscow again, and was struck by how much the situation had deteriorated still further. Soviet economists told him that a catastrophe was looming. Nobody could adequately explain the nature of this crisis.[1] The Soviet Prime Minister Nikolai Ryzhkov and his top economist Leonid Abalkin could not explain the crisis either. In their memoirs they complained that politics had intervened and disrupted their plans. They never recognized that the reforms of 1987–88 had created new actors—autonomous state enterprises, cooperatives, and commercial banks—which, instead of generating more consumer goods, cannibalized the existing state economy and hemorrhaged state finances.[2]

Some government officials recognized this threat. The Minister of Finance, Valentin Pavlov, and his experts informed the government that industrial state enterprises were retaining 60 percent of their profits, while passing on only 30 percent toward the state budget. In doing so they "earned" 100 billion rubles,

yet spent them on salaries that only added to the inflation-driving cash in the economy. The volume of investments in productivity and modernization kept falling. As a result, the experts concluded, the economy was underfunded, while the state budget deficit was about to soar. The experts at the Ministry of Finance proposed that all state enterprises and cooperatives must pay 50 percent of their profits to the state budget. In response, the lobbyists in the Supreme Soviet launched a fierce counter-attack. They painted the government as a reactionary force that threatened to block economic perestroika. Ryzhkov and Abalkin caved in, suffering from the same syndrome of "no stepping back on reforms."[3] In December 1989, the Ryzhkov government submitted to the Congress of People's Deputies a new program that merely perpetuated the structural and functional errors of previous reforms. The Congress instructed Ryzhkov to revise and resubmit his program with modifications.[4] This work would take most of 1990, which became the year of endless economic debates and decisions not taken.

The Ryzhkov government wanted a state-regulated market; its ministers argued that regulatory institutions—fiscal, monetary, and others—would take five to seven years to create. Leonid Abalkin, a product of Soviet economics, believed that market reforms had to be carried out under state controls and with considerable preparations: the government had first to accumulate a stockpile of goods and create regulatory mechanisms and market institutions, and only then cautiously deregulate the economy. The government, however, confronted immediate and severe challenges: Western banks suspended their lines of credit. An increasing amount of Soviet oil, the main source of hard currency, was sold abroad at market prices by Soviet "cooperative" ventures, which found ways to pocket the profits. The Soviet Union still had gold, but its reserves sank to 784 tons; it was less than half of what Stalin had hoarded by the time of his death. The government began to negotiate with De Beers to sell up to $1 billion of uncut diamonds a year for five years. Simultaneously, the Supreme Soviet increased state expenses to support low-income groups. The Ministry of Finance was forced to print more and more rubles.[5]

In March 1990, the government was shaken by a scandal from which Ryzhkov could never recover. On an abandoned railroad platform near the southern port of Novorossiisk, KGB officials discovered twelve T-72 tanks, registered as "pulling trucks." The paperwork indicated that the tanks came from the Ural Wagon Plant, a huge tank factory, and were commissioned by the cooperative "ANT" for shipping abroad. The export of Soviet arms had always been a state monopoly. What, then, did a commercial entity have to do with it? The cooperative ANT (a Soviet acronym for Automatics—Science—Technology) had been created in 1987 by Vladimir Ryashentsev, a former officer of the KGB's

Ninth Directorate. The cooperative worked under the auspices of an R&D department in Ryzhkov's Council of Ministers, staffed by KGB officers. The idea was to "swap" the products of the Soviet military-industrial complex for foreign goods in high demand, such as personal computers or medicine.[6] Ryzhkov approved of its activities, but failed to take account of the unwanted publicity. The newspaper of Russian communists, *Soviet Russia*, scooped this story. The KGB's Kryuchkov and Ligachev denounced the export of arms on television.[7]

During a televised session of the Congress of People's Deputies, Anatoly Sobchak called ANT a plot of nomenklatura officials to enrich themselves, while thwarting real market reforms. He accused Ryzhkov of a cover-up. Gorbachev, meanwhile, maintained a safe distance from the affair. This episode demonstrated the power of populism. TV viewers forgot Ryzhkov's energy and heroism in Chernobyl, Armenia, and other hotspots, and applauded Sobchak's unmasking of corruption in high places. The investigation of "the ANT affair" lasted for months, without ending in a trial. Ryashentsev later fled to Hungary; a few years later he was found dead.[8]

While the Soviet government suffered from a dual crisis of solvency and confidence, the Polish post-communist government launched a blitz to create a market economy. The press dubbed it "the Balcerowicz Plan," after Leszek Balcerowicz, the Polish economist who designed it. Polish reforms closely followed the recipes of macroeconomic stabilization developed by the IMF and World Bank. The Polish government deregulated prices, liberalized trade and private entrepreneurship, and capped the growth of wages and salaries for state employees. This was a bitter pill to swallow: prices and unemployment soared. Very soon, however, Polish peasants began to deliver food to the cities, money no longer chased scarce goods, and the spike of inflation subsided.[9]

The Polish reforms inspired Soviet economists to think creatively. Gorbachev's newly appointed economic advisor, Nikolai Petrakov, was the first to write a coherent program of rapid market transition. Intellectually, he was rooted to Soviet "mathematical economics" of the 1960s; its adepts hoped to use computers to calculate supply, demand, and investment needs—thus replacing the Party-State bureaucracy.[10] Petrakov's political sympathies lay with the Moscow-based democratic opposition, and he viewed the Ryzhkov government as inept and incompetent.[11]

On 10 March 1990, Petrakov put on Gorbachev's desk an outline of radical economic reform based on the logic of deregulation. The Soviet state, Petrakov argued, should stop distributing resources to the economy. Prices of raw materials and consumer products should be deregulated. Petrakov also proposed to curb *beznal* crediting of state enterprises (*kreditnaia emissia*), which he correctly

recognized as the main source of Soviet inflation. In early 1990, not only the State Bank, but also the republican banks, goaded by "sovereign" republican parliaments, began to increase such credits. With the help of private "cooperatives" and commercial banks, the tight partition between the two kinds of Soviet currency, cash and cashless, fell apart. The State Bank had to print ever-growing amounts of money. Petrakov proposed that by Gorbachev's decree the State Bank would become the master of credit and monetary policies, while the Council of Ministers would regain control over the budget. The Supreme Soviet would not have the power to launch new inflationary state programs. The dualism of the Soviet financial system would be gradually dismantled. The circulation of "free" cash, ruinous in an economy of deficit consumer goods, would be sharply reduced. State enterprises should be transformed into joint-stock companies and stop acting like scavengers of state resources. The government would create a stock exchange and cap the budget and credits. Meanwhile, the state would authorize the deregulation of real estate and possibly land, to allow people to invest their surplus cash into long-term projects. The program had a timeline: in March–April, the main decrees, laws, and acts were to be prepared; in May–June, an institutional overhaul would begin; and on 1 July, the privatization of state enterprises would begin.[12]

The Petrakov program was realistic and original. It owed a lot to Chinese experience, and was also quite different from the IMF's "one size fits all" shock therapy implemented in Poland. Had Petrakov's ideas been carried out in 1990, with the state levers and financial system still intact, the fate of the Soviet economy could have been very different. The ruinous "mixed economy" of 1987–88 would have been retracked towards a successful market economy. Unfortunately, Petrakov's brilliant insights went completely over Gorbachev's head. The Soviet leader did like a political point: that in the longer term, market forces would provide a powerful glue to bind the republics together. But he feared the political risks that transition to a market economy would bring. In a conversation with Poland's President Jaruzelski in April, Gorbachev commented on the Polish liberation of prices: "If you or we had done a similar thing, people would have overthrown us." Petrakov responded to this concern by proposing to secure a big Western loan to import large amounts of consumer goods to satisfy demand and alleviate tensions at the crucial moment of structural reforms. He also offered an original solution to protect people's savings: interest on savings accounts would be paid in US dollars.[13]

Gorbachev hesitated. He remembered the miners' strikes from the previous summer. And he had no political will to send Ryzhkov's government into retirement. On 14 April, at the joint meeting of the Presidential Council and the Council of Federation, the government proposed a transition to a market

economy and deregulation to start in January 1991. That was the limit of Ryzhkov's radicalism. One economist after another agreed with the government outline, yet they warned about the social and political fallout. After the Soviet collapse, Gorbachev would say that the economists failed him and hedged their bets. They, however, said the most important thing: the transition to a market economy was inevitable and the political risks were high. Temporizing would only make this dilemma worse. The economist Stanislav Shatalin said another important thing: self-accounting by the republics was "the greatest stupidity of all"; it would only encourage republican separatism. The market economy would reconsolidate the Union. This is what Petrakov had said before.[14]

Gorbachev was the only one at the meeting who feigned surprise at the "sudden" eruption and depth of the economic crisis. Instead of promoting Petrakov's reforms, he waited for Ryzhkov to "update" the government program. Gorbachev also delegated the discussion of economic strategy to the parliamentary assembly.[15] Both were exercises in futility. In the atmosphere of polarization, radical populism, and a search for scapegoats, only the President could launch a new policy. The Supreme Soviet's deputies voted for higher minimum wages and other costly state programs of social protection. They were not concerned that such programs could only be paid for by printing more money, thereby increasing inflation. The Ryzhkov government finally proposed a 55 percent tax on the profits of state enterprises, but the populist Supreme Soviet vetoed it. In the republican Supreme Soviets, nationalism magnified this trend.[16]

Gorbachev resumed the discussion of reforms on 22 May at the Kremlin. Primed by economists, he acknowledged that inflationary manipulations of state enterprises and cooperatives "unbalanced the market."[17] Government officials spoke of obstacles, not solutions. They spoke of a Polish-style reform as the only alternative and warned that in that case unemployment would soar to between 15 and 40 million. The KGB chief spoke about possible strikes. The discussion focused on the poorest in society and digressed into specifics. When to raise the price of bread? How to compensate the most needy? The Russian writer Valentin Rasputin urged those in attendance "to seek the advice of the people." Remarkably, none of Petrakov's innovative solutions were brought up.[18] Valentin Pavlov from the Ministry of Finance was among the very few who pushed for action. He proposed raising wholesale prices on energy and bread. He explained that the remaining partition between the two currencies—*beznal* for wholesale prices and cash for retail prices—gave the Soviet government unique leverage to stimulate the oil industry and agriculture, while avoiding an immediate rise in the prices of consumer goods. Gorbachev did not understand

what Pavlov was talking about. Ryzhkov suspected that Gorbachev had left him with the bleak business of dealing with retail prices, the Supreme Soviet, and a furious public calling for the government's resignation. Already wounded by the ANT affair, Ryzhkov acted irrationally. He proposed a national discussion on price reform—the worst idea imaginable!

A few days after the Kremlin meeting, he went on television to discuss economic problems and said that prices would have to go up. Those words triggered panic-buying and hoarding across the country. Even Ryzhkov's closest aides were surprised. Gorbachev recalled: "Perhaps Nikolai Ivanovich had a nervous breakdown."[19] Whatever the reason, the planned economic reform from above was again rejected. The furious parliamentarians sent the government program back to the drawing board yet again, with a deadline of September. The Ryzhkov government was doomed, yet it did not want to resign.[20]

THE BATTLE OF PROGRAMS

The declaration of Russian sovereignty and the election of Yeltsin as the head of the RSFSR Assembly closed the window of opportunity that Gorbachev had after becoming President of the USSR.[21] He could not abolish Russian sovereignty; he now had to negotiate with the Russian parliament. The Supreme Soviet of the RSFSR was located in a big white marble building up the river from the Kremlin. For years the building had been rather a quiet place; now it turned into a beehive of activity. Whereas the Soviet leadership consisted of people who were turning sixty, the Russian Assembly attracted younger members in their thirties and forties disillusioned with Gorbachev's leadership. And the deputies from Democratic Russia felt like commissars whom people had elected to clean the Augean Stables. One of them recalled: "We expected that Gorbachev would make a blood transfusion and part ways with [the conservatives]. He had plenty of people inside the Party on whom he could have relied." Instead, Gorbachev "surrounded himself with the same old men, the same speechwriters. For us, they were the men of the past." By default, the RSFSR parliament had to become a focus for opposition to Gorbachev and the old Soviet elites.[22]

Ruslan Khasbulatov, a forty-eight-year-old Chechen economist, became a principal mover and shaker behind the drive for Russian sovereignty. At the age of two, Khasbulatov had been deported from Chechnya to Central Asia. De-Stalinization then allowed him and other Chechens to return home; he studied law and economics in Moscow, and became a professor at the Moscow School of Political Economy. In the summer of 1990, Khasbulatov channeled his ambitions into the battle for sovereignty. On 13 July, on his initiative, the Supreme Soviet of the RSFSR adopted a law that transformed the branch of the

State Bank for the Russian Federation into a "Bank of Russia," subordinate to the Russian parliament. This institution was authorized to perform all monetary functions. The law did not even mention the State Bank of the USSR.[23] The head of the State Bank, Viktor Gerashchenko, viewed this law as the end of the Soviet financial system. How could there be two competing centers of money supply in one economy? Khasbulatov disingenuously denied he meant harm. The group of Moscow banking experts, who helped to create the Russian bank, knew better. They joked darkly that they deserved to be shot. Indeed, they recalled that the first act of the Bolsheviks in 1917 was to seize the imperial bank. Revolutions failed when they could not take control of the money.[24]

The Russian parliament launched the spectacular career of economist Grigory Yavlinsky. Born in Lvov, Western Ukraine, he graduated in economics from Moscow (at the same school where Khasbulatov and Abalkin taught), and worked as a researcher in the Soviet ministerial apparatus. In 1989, Abalkin invited him to join his team of experts in the Council of Ministers.[25] In January 1990, Yavlinsky, then thirty-eight, traveled to Poland as a government expert to observe the Balcerowicz reform. He was deeply impressed and decided that the same had to be done in the Soviet Union.[26] With two other economists, Yavlinsky wrote a program for Gorbachev to deregulate and privatize the Soviet economy within a year. The title of the program was "400 Days of Confidence." It was similar to Petrakov's program, although less coherent and clothed in populist garb for the consumption of ignorant parliamentarians. The key element of success, Yavlinsky argued, was people's trust and savings. Instead of wiping out those savings by freeing up prices, the reformers should help people invest them into privatizing small shops, real estate, trucks, buses, and so on. The Soviet intelligentsia and professionals would thereby become a propertied middle class.[27]

The "400 Days" found admirers in the Russian parliament. Mikhail Bocharov, a talented politician and member of Democratic Russia, was vying for the post of Prime Minister of the RSFSR. He decided to boost his economic credentials: he appropriated Yavlinsky's program, changed the title to "500 Days," and presented it as his own economic "program for Russia." He still lost the election, yet he became head of the Supreme Economic Council, a brain trust of economic reforms. When Yavlinsky discovered what had happened, he met with Bocharov and Yeltsin. The young economist explained that 500 Days could not be just "a Russian program": the Soviet economy was one integrated body, its industries spread across the republics like veins and arteries. One had to treat the whole patient, not just its limbs and parts. Yeltsin, impressed by Yavlinsky's arguments, offered him the post of deputy Prime Minister in the Russian government.[28]

Yavlinsky accepted the offer, but decided that his program needed two sponsors: Yeltsin and Gorbachev. On 21 July, he contacted Petrakov, who immediately recognized the political potential of this idea and informed Gorbachev. The President of the USSR replied: "Where is this fellow? Get him here right away."[29] At Gorbachev's request, Yavlinsky flew to Jurmala, a resort in Latvia where Yeltsin vacationed. The first reaction of the Russian leader was negative: his ego rebelled against an alliance with Gorbachev. In his speeches all over the country Yeltsin had preached "a sovereign Russia" with its own banking system, foreign policy, and foreign trade; it would also withhold "Russian taxes" from the Union's budget. The remaining "center" would only deal with defense, communications, and energy.[30] Still, Yeltsin guessed he could benefit from a tactical alliance with Gorbachev. For the first time, the Kremlin leader was ready to establish an equal partnership with the Politburo maverick. Gorbachev confirmed this by calling Yeltsin himself on the telephone. Yeltsin agreed to a joint reform effort.[31]

Gorbachev, as his biographer William Taubman writes, supported the 500 Days more out of desperation than rational calculation.[32] Indeed, the Soviet leader was searching for a credible response to the Russian declaration of sovereignty, as well as the Lithuanian crisis. Yavlinsky's proposal was a godsend. An economic agreement signed by Yeltsin and leaders of other republics, Gorbachev hoped, would pave the way to a new Union Treaty. The successful deal with Kohl on German reunification had also boosted Gorbachev's self-confidence. He wanted to achieve in domestic politics what he had accomplished in foreign affairs. At the meeting of the Presidential Council on 20 July, Gorbachev enthused about his recent meeting with Jacques Delors, "the father" of the European Union. If European states, with their history of nationalism and wars, had succeeded in integrating, he argued, then the Soviet republics had much better reasons to stay together, despite their troubled history.[33]

Petrakov and Yavlinsky relished a unique opportunity to put their ideas into practice. They drafted a directive tasking an "independent" group of experts to produce "a concept of the Union program for transition to a market economy as the basis of a Union Treaty." They selected several economists who shared their ideas. Stanislav Shatalin, the only economist in the Presidential Council, would lead the group. Within one month, on 1 September, the concept would be presented to the Supreme Soviets of the Union and the RSFSR for discussion and approval.[34] The economists expected that Gorbachev and Yeltsin would sign the directive and get the ball rolling. On 27 July, Gorbachev signed the draft directive without even changing a word; Yeltsin did so as well. Gorbachev, however, insisted that Ryzhkov must also sign. The hapless Prime Minister was the last to have learnt about the directive and felt ambushed. Gorbachev was

tossing his program, which had cost Ryzhkov so much effort, into a dustbin and had turned to a rival team of economists! So Ryzhkov refused to sign the document. Gorbachev was annoyed: he and Raisa were preparing to go to Crimea for a summer vacation. The Soviet leader flew to the Black Sea on 30 July. Two days later, after consulting with Abalkin and other deputies, Ryzhkov gave in and signed. He lacked the energy to become once again "an enemy of reforms" and a scapegoat for public opinion.[35]

The outcome was a rivalry between the two teams. Petrakov, Yavlinsky, and the economists they selected moved to Dacha no. 6 in Arkhangelskoye, west of Moscow, a fully equipped state complex of cottages, where they could live and work in comfort. The group worked with a high sense of mission: they believed they knew a way out of the economic crisis. Yeltsin met with the economists two times. Gorbachev called Petrakov every day, to enquire about their progress. He also received drafts and sent them back with his markings.[36] Ryzhkov's team of experts, led by Abalkin, worked at another resort near Moscow. They focused on amending the government program, which had to be submitted to the Supreme Soviet in September. When Gorbachev called from Crimea to express his concern about the lack of cooperation between the two groups, Abalkin replied that nobody had instructed him to suspend work on the government program. Would the President authorize it? Gorbachev did not take this responsibility. The Soviet leader still wanted to keep Ryzhkov in his job, although he barely talked to him anymore.[37]

The rivalry grew into political antagonism. Petrakov and Yavlinsky took the first step: they decided that they should involve the republics' representatives. All of them, including the Balts, came to Arkhangelskoye and discussed the 500 Days. Petrakov recalled: "I believed that if economic stability could be achieved, then the acute ethno-nationalist conflicts would abate. The frustration of the people caused by shortages is automatically translated into the language of nationalism . . . Moscow is the capital of Russia, therefore all economic troubles are blamed on the Russians." This quotation may explain why the economist sacrificed the coherence of his program to ethno-nationalist demands. The economists in Arkhangelskoye, all of them Russians, suddenly acknowledged that the republics must have absolute legal supremacy over the Union authorities; all resources and economic assets within a given republic were declared to be the "property of its people." This was not economics, but pseudo-democratic populism. Naturally, Yeltsin and his emissaries embraced those "principles" with alacrity. They refused to accept the principal condition of a possible future Union—a federal tax. And they insisted that a future Union government must be a committee of republican representatives. That was an invitation to separatism and economic disaster.[38]

Gorbachev hesitated to accept this logic, and the economists turned to journalists for support. Yavlinsky was a talented propagandist and gave numerous interviews to the media. Moscow-based periodicals with an enormous circulation extolled the 500 Days as the last hope for the country; the economists were lauded as the new prophets and saviors. A complicated issue became a matter of binaries. The pro-Yavlinsky media presented the Abalkin team as agents of the military-industrial complex, the inefficient agrarian lobby, and the nomenklatura bureaucracy. In response, the other team counter-attacked by claiming that the 500 Days was a plan to sell the country downriver to foreign capitalists.[39]

In late July 1990, public opinion polls in Moscow demonstrated that about 70 percent of respondents favored transition to a market economy, but only 15 percent wanted to start the transition immediately.[40] The media campaign about the 500 Days filled the pro-market mood with a new sense of urgency. Even some leaders of Soviet trade unions embraced an immediate transition to a market economy and denounced the government for dragging its feet. This was a publicity stunt for the Petrakov-Yavlinsky group, but also for Yeltsin.

On his first day of vacation in Crimea, Gorbachev told Chernyaev he had a new theoretical project: "socialism and the market." He dictated his thoughts, but when his speechwriter produced a draft, Gorbachev rejected it with a grimace. Two more attempts also ended in failure. The Soviet leader stretched his neo-Leninist framework to the limit, yet he could not match market capitalism with Soviet "socialism": one had to go. Gorbachev also worked on theoretical aspects of the Union Treaty, but he stumbled there too. The Soviet leader wanted to create a voluntary federation that would replace the Soviet Union, yet he still counted on the Party as a political instrument to hold the republics together. Gorbachev, educated in constitutional law, acted like an over-zealous editor: he played around with words and paragraphs to reach a satisfactory conclusion. The conclusion pointed, however, to a weak confederation, without a federal center. When Shakhnazarov brought this to Gorbachev's attention, the Soviet leader angrily dismissed him. He continued to read Lenin in search of clues.[41]

While Gorbachev theorized in Crimea, Yeltsin met twice with the Arkhangelskoye economists and approved what they had done. He also campaigned all over the Russian Federation. The 500 Days became his key slogan: this "Russian program," he promised, would change people's lives for the better after two years of transition. On the future Union Treaty, Yeltsin repeated his ultra-democratic mantra of sovereignty that had to emanate from the grassroots upwards; a Russian Federation must be rebuilt as a pyramid in reverse. During his visits to Tatarstan, Bashkiria, and Komi, autonomous regions within the Russian Federation, Yeltsin urged people "to take as much sovereignty as they could digest."[42] Gennady Burbulis would later defend this blatantly

populist slogan as "an honest, principled approach," as opposed to the political manipulations of Gorbachev. In reality, Yeltsin was providing another huge boost to the centrifuge of political separatism.[43]

In mid-August, Gorbachev invited Chernyaev and Yevgeny Primakov, his new favorite, to a dinner at his villa. Both advisors urged him to reach an alliance with Yeltsin, fully embrace the 500 Days, and dump the Ryzhkov government. Otherwise, they argued, Yeltsin could strike an alliance with the Russian communists and mobilize forces under the banners of "Russia" against Gorbachev. Gorbachev dismissed the danger. He felt he could control the Russian Communist Party. He vented his fury at Yeltsin, "a scoundrel, with no rules, without morals, no culture." He agreed that he had to deal with him, "because nothing can be done without Russia." Yet if he dumped Ryzhkov, he would be exposed to "another hostile front." Gorbachev assured his advisors that Ryzhkov, the Council of Ministers, and the whole communist apparatus would become "natural victims of an unfolding market system. This will happen already this year."[44] The last phrase indicated that the Soviet President wanted to adopt 500 Days and understood its consequences for the old statehood.

On 21 August, at Gorbachev's request, Ryzhkov, Abalkin, and other members of the Soviet government arrived in Arkhangelskoye, ostensibly to find common ground with the rival team. The meeting turned into a showdown. Yeltsin's emissary Burbulis later suspected a personal motive: deep, half-conscious jealousy of Ryzhkov toward another "man from the Urals"—Yeltsin. The causes of their disagreements, however, were principled and serious. For Ryzhkov and Abalkin, the main actors of a future market economy were central ministries and state corporations. For Petrakov and Yavlinsky, the main beneficiaries of an economic union would be the sovereign republics. The middle ground between the two approaches was gone. Abalkin asked Petrakov what he understood by "the Union." "Is this a state or not?" He did not receive a clear answer. Petrakov recalled the meeting differently, but he admitted that the point about the future of the statehood was central. For Abalkin, he recalled, the collapse of the Soviet Union and a transition from socialism to capitalism "was something awful and unacceptable." Apparently, Petrakov at some point began to take it for granted. In conclusion, Ryzhkov said emotionally that he would "not bury the state with my own hands" and vowed to fight to the end against "the grave-diggers" of the Soviet Union.[45]

This standoff forced Gorbachev to cut his vacation short. On 23 August his plane landed at Vnukovo-2 Airport. Following the Soviet tradition, the members of the Politburo, the Presidential Council, and aides came to greet the President. When the sun-tanned Gorbachev appeared, Ryzhkov, Lukyanov, and Masliukov accosted him and demanded an urgent meeting with the government. After

Gorbachev left, Ryzhkov turned to Petrakov, his face pale with hatred: "You will go down in history!" Lukyanov added: "If you keep it up, in September the Supreme Soviet will oust the government. In November the Congress of People's Deputies and the Supreme Soviet will be disbanded. There will be new elections, and in December the president will be toppled—and you too!"[46]

Gorbachev met with Petrakov and his team next morning. The excited economists, who worked in summer shirts at the state dacha, did not even have time to go home to fetch their jackets and ties. The meeting lasted for five hours, and Gorbachev charmed everyone. He found time to read the draft program, treated young economists as intellectual partners, and posed good questions. Shatalin, who missed most of the work of his team because of sickness, came to the meeting and recalled that "our guys felt as if they had wings." Gorbachev said he would discuss the 500 Days at the Presidential Council and with Yeltsin as soon as he returned to Moscow. He invited Shatalin and Petrakov to attend his meeting next day with the Ryzhkov government. At that meeting, members of the government vociferously warned Gorbachev against an alliance with Yeltsin. At one point the head of Gosplan, Yuri Masliukov, declared: "We must get rid of Yeltsin . . . at any price!" The President cut him off: "Stop talking nonsense." Gorbachev had resorted to his method of letting off steam.[47]

Gorbachev met with Yeltsin on 29 August. It was their first one-on-one meeting since 1987. There had been bad blood between them for years. The Russian leader began the meeting with grievances. Why had Gorbachev tried so hard to prevent his election as the RSFSR chairman? There was a chance for a frank talk, yet Gorbachev shrugged him off: "Come on, Boris. Look how you lambasted me in America, in your books, in your interviews."[48] Political differences were even more profound. Gorbachev asked if Yeltsin wanted his job. Yeltsin responded he did not. "I have enough business to do in Russia." In fact, Yeltsin wanted to eliminate the Soviet Union altogether as a strong federated state. He was ready to accept only a confederation of sovereign states, such as Russia, without a strong central government above them. Yeltsin's specific demands were equally radical. He demanded that the Ryzhkov government should go, along with the heads of the Ministry of Finance, the State Bank, and the External Trade Bank. The Ministry of Finance had to be supervised by trustees from all the republics. The Russian Federation must have its own KGB and police, control of Moscow as its capital, its own customs, continental shelves, forests, fisheries, and manage numerous installations and "closed cities" of the military-industrial complex on its territory. The Russian government had to get its share of the gold reserves, diamonds, oil and other resources. The Russian Academy of Sciences, television, and an airline company would be established. And, like the cherry on top of a cake, Yeltsin declared that "the Kremlin is the

property of Russia."[49] Yesterday's outcast, elected only by a tiny majority of the republican parliament, spoke the language of ultimatums.

The President of the USSR patiently negotiated with Yeltsin, which only added to the growing perception of Gorbachev's weak position. Chernyaev recorded in his diary: "Telegrams are arriving for Gorbachev from everywhere . . . Screaming about the impotence of the authorities and the President . . . The conditions for dictatorship are ready. Where will it come from? Gorbachev is incapable of this."[50] Gorbachev's appeasement of Yeltsin was the product of his personality, but also an expression of his disdain for his rival. Before their meeting, Gorbachev had received from Boldin information about Yeltsin's medical history which claimed that, from 1986 onwards, Yeltsin suffered from psychological "instability" that affected his political behavior.[51] Similar "diagnoses" for political dissidents had been produced under Andropov. It is likely, however, that those allegations influenced Gorbachev. In his mind, only a sick man could make such demands of him.

Yeltsin challenged Gorbachev from the pedestal of his popularity. According to the data from an independent survey, Yeltsin's approval rating had soared from 27 percent in May 1990 to 61 percent in July. Gorbachev's popularity had sunk from 52 percent in December 1989 to 23 percent in August 1990. In Moscow, only 26 percent of people wanted Gorbachev to remain as President of the USSR; 34 percent preferred Yeltsin.[52] On the eve of his meeting with Gorbachev, Yeltsin said: "I have long stopped fearing him . . . Now we are equals." In a close circle of his entourage, he called the Soviet President a pampered prince, who had reached his supreme post by entertaining his superiors, including Andropov and Brezhnev, at the spa. While Gorbachev viewed himself as a new Lenin, Yeltsin treated him as Kerensky, the vacillating head of Russia's provisional government in 1917.[53]

Yeltsin later asserted that Gorbachev promised to arrange a "voluntary" resignation of Ryzhkov and retirement of other government officials on Yeltsin's list. They also allegedly agreed to put the 500 Days into action within the next two weeks. The tentative plan was that Gorbachev would circumvent the conservative Supreme Soviet of the USSR and approve the 500 Days by presidential decree; then he would send its text to the republican assemblies, including the RSFSR parliament, for discussion. Yeltsin promised that the Russian parliament would approve the program first, setting the trend for the other republics.[54] This agreement, if it ever really existed, was never implemented.

The day after their discussion, Gorbachev convened a huge meeting of the Presidential Council and the Council of Federation, to discuss the economic agreement and the Union Treaty. He invited 170 government officials, ministers, the leadership from eleven republics, except for the Baltics and Georgia,

and officials from fifteen autonomous regions within the RSFSR. He even brought a delegation of workers who were on a visit to the capital.[55] Shatalin presented the 500 Days, praising privatization and private ownership as the only long-term solution to nationalist conflicts. "When Estonian money comes to Russia, and Russian investments are made in Ukraine, then normal economic life will begin." He also mentioned the need for preliminary financial stabilization. Otherwise, he said, "the market will simply destroy us." Then Masliukov presented the government program and complained that Western banks had stopped giving credits to the Soviet Union until the central and republican authorities got their act together. Without foreign credits, he warned, the Soviet economy would shrink by one-fifth in 1991. The authors of both programs vowed to keep in place enormous social programs and entitlement payments, which constituted 65 percent of the Soviet budget.[56]

Yeltsin then spoke and admitted that the RSFSR could not take the leap to a market economy alone. This would necessitate borders and customs controls with other republics, and a separate currency. If the Russian government took this road, it "would become an initiator of the Union's collapse." The Russian leader urged Gorbachev again to get rid of the Ryzhkov government. "The center must change . . . It must be a genuinely strong presidential power . . . [It must] exercise firmness . . . without calling it a dictatorship, without a transition to dictatorship . . . People will understand and approve it."[57] The leaders of other republics and autonomous regions struggled to understand the purpose of the meeting. They had come to Moscow to bargain for more rights and resources. Instead, they only heard about the two economic programs. Which one would be implemented? Gorbachev remained the supreme moderator. He proposed to put members of the rival camps on a joint panel, to work out a compromise. Yavlinsky and other young economists protested, and Shatalin threatened to resign. Gorbachev was taken aback. "You are letting me down," he said to Shatalin, and "you should not be part of the group." The economist immediately apologized but also complained that it would be very hard to find a consensus. Gorbachev reacted like a Komsomol cheerleader: "No, you will find it! Comrades, do not give up . . . Just wait, we will have to act when people are out on the streets. Mobilize your creative strengths. Keep on searching!! We will find it!!!"[58]

The presidential conference continued the next day and produced an emotional outbreak from Ryzhkov. The Prime Minister took the microphone several times, in a state of extreme agitation. Without the strong central government and his program, he said, the country would disintegrate immediately. The Supreme Soviet of the USSR, Ryzhkov demanded, should "make a decision" and choose between the two programs. Then, in plain contradiction with this, he described the current parliamentary system as the main reason why the country

and the economy had become ungovernable. "We must end this instability [when] the country became topsy-turvy [*khodit khodunom*]." At one point he turned to Gorbachev: "Mikhail Sergeyevich, we are comrades, friends. Act as a President, bring order to the country. Use the capacities and rights you received . . . We will help you."[59] The meeting erupted in a cacophony of competing voices, and Gorbachev hastened to close the session. The two-day gabfest had only added to everyone's sense of political paralysis.[60]

Gorbachev asked the academician Abel Aganbegyan, one of the economic architects of the 1983–87 reforms, to reconcile the two programs. The Soviet leader insisted that the 500 Days should be combined with the existence of the federal government and a federal tax.[61] Many condemned Gorbachev for this position, and some historians even consider it as the point where the Soviet leader lost his last opportunity to relaunch reforms under his auspices. Yet Gorbachev's hesitation had its political logic: without the central government, the President would be left alone to deal with fifteen republics and the huge Congress of People's Deputies. There would be widespread chaos in the Soviet economy where all main industries had been constructed as centrally controlled conglomerates. Without Ryzhkov, or at least without his experienced deputies, the entire class of Soviet economic managers would become an unruly herd. And the second-tier apparatchiks in the republics and autonomous regions had no expertise with which to grapple with corporations located on their territories, but always governed from Moscow.[62]

BLACK SEPTEMBER

Even in times of relative stability, it would have been hard to square this circle. The fall of 1990, however, was marked by political neurosis, polarization, and a dwindling middle ground. Emotions and irrationality flooded and drowned out political and economic calculations. David Remnick, a young *Washington Post* journalist in Moscow, remembered "Black September" of 1990 as a turning point in the drama of the Soviet collapse. It started with a horrendous crime: on 9 September, an Orthodox priest called Alexander Men was brutally murdered in a village near Moscow. The killer was never found. Father Alexander Men was born a Jew, but he had dedicated his life to the Russian Orthodox faith. Remnick's friends, Muscovite and liberal intellectuals, were also of Jewish descent: they and their children had been baptized by Father Men. As people working in media, culture, and the humanities, they had initially backed Gorbachev's perestroika, but they now rooted for Yeltsin and Democratic Russia. They were scared. Father Men's violent death, they believed, was part of a wider conspiracy, which included the anti-Semitic elements of the Russian

Orthodox Church, the KGB, and other "dark forces" inside the Party and the military-industrial complex.[63]

On the day following Father Men's murder, the Soviet military began suspicious exercises around Moscow. For Remnick and his Moscow friends this was reminiscent of Poland in 1980–81, which ended with martial law. The American journalist concluded that "in a totalitarian world," paranoia was the most realistic way of looking at things. "A creeping coup was under way," he wrote in his book. "As we would soon find out in the coming months, first in Vilnius and Riga, then in Moscow, there was indeed a conspiracy under way, and it was the most open, unguarded conspiracy imaginable." Later, Remnick wrote a book about these events. Many other Russian and Western analysts repeated modifications of the same story. It was included in the BBC series "The Second Russian Revolution" that was filmed at the time.[64]

What was going on in September 1990? Was there any conspiracy afoot? Russian historians never discovered any concrete evidence. According to their findings, on 8 September, Colonel-General Vladislav Achalov, commander of the Airborne Troops in the Soviet Army, ordered five divisions to advance towards Moscow "in a state of higher readiness." The next day, the Ryazan airborne division was dispatched to Moscow in full gear with all its weaponry. Two days later, the Pskov airborne division was ordered to do the same. One Russian historian concluded: "Only the President of the USSR Mikhail Gorbachev and the Minister of Defense Dmitry Yazov could put those forces in motion." Achalov later claimed that those orders were part of preparations for a regular military parade in Moscow to commemorate the anniversary of Lenin's October Revolution on 7 November.[65]

It is hard to imagine Gorbachev secretly rehearsing the implementation of martial law just a week after his meeting with Yeltsin The Soviet commander-in-chief was also preparing for his summit with Bush (see p. 143). Still, the story of "Black September" matters. Rumors and fears of violence often go hand in hand with state paralysis and anarchy. The "Great Fear" of July–August 1789 had fueled a peasant uprising and contributed to the French Revolution. The myth of a "creeping coup" fed the Soviet imagination and contributed to fears of a future dictatorship in Moscow in September–December 1990. The Moscow-based journalist Viktor Yaroshenko wrote about this phenomenon in *Novy Mir*. He recognized that the Soviet power structures were crumbling, but he also knew that Russian democracy had no roots—such as private property or political and social traditions. He called the political polarization "the energy of collapse." "We don't have a struggle between democrats and totalitarians," he wrote, "but rather warfare between the two teams of totalitarians, only the new people have put on democratic shirts." Individuals he knew or observed had

the most fantastic transformations. The top Party leaders abhorred the use of force. The leaders of Democratic Russia wanted to destroy the state by any means possible.[66] Alexis de Tocqueville, a perceptive commentator on the French Revolution, would have nodded in agreement.

Anatoly Adamishin, the Soviet ambassador to Italy, visited Moscow in September to find that the country "was falling into a precipice." His friends, the economists Petrakov, Aganbegyan and Shmelyov, agreed that only an "emergency" and dictatorship could hold society together. Adamishin's classmate Leonid Shebarshin, head of the KGB's foreign intelligence service, told him: "The next week should be decisive." In what sense? Who would be a dictator? "Gorbachev and his men," Adamishin wrote in his diary, "lacked guts for decisive steps." Still, he returned to Rome with the conviction that something was afoot: "If everything points to dictatorship, one should choose the most appropriate form of it, including face-saving for the outside world."[67] Years later in his memoirs, Pavlov, the Minister of Finance, revealed his own September plot. He and Ryzhkov's deputies, Masliukov and Vladimir Shcherbakov, agreed to pose an ultimatum to Gorbachev to adopt an emergency economic course. If he turned it down, the entire government would submit its resignation. Ryzhkov prevaricated. Pavlov recalled him saying: "No, it is too late. They will blame us for fearing difficulties, for provoking a crisis. We will carry our cross to the end." Pavlov recognized that the head of the government was unable to take any independent action. The plot fizzled out.[68]

William Taubman writes about Gorbachev at this time: "There was no good way out—none that Gorbachev could see and perhaps none at all."[69] The old saying, however, goes: "Where there's a will, there's a way." Instead of attending congresses, convening councils, and tinkering with texts, Gorbachev could have replaced the unpopular Ryzhkov and appointed a ruling economic junta with emergency rights. He could have implemented the Petrakov program, without the morass of parliamentary debates or hopeless talks with ethnonationalists. This could have led to chaos, but at least it would be a chaos that Gorbachev, had he acted instead of talking, had the powers to control.

While the revolution in the Soviet economy stalled, Gorbachev and Shevardnadze managed to carry out a quasi-revolution in foreign policy, the next one after the talks on German unification. On 2 August 1990, the megalomaniacal Iraqi dictator Saddam Hussein dispatched his army to annex neighboring Kuwait. Soviet foreign policy was at a crossroads. Iraq was a leading Soviet ally in the Middle East and the biggest buyer of Soviet armaments: the total amount of these purchases over three decades came to 18.3 billion rubles and included 41 warships, 1,093 MIG aircraft, 348 combat and transport helicopters, 4,630 tanks, 5,530 armored personnel carriers (APCs), 3,279 artillery

and mortar pieces, and 84 tactical missile systems.[70] Unlike other Soviet allies, Iraq had paid for all this in US dollars. Also, Soviet experts serviced the Iraqi oil industry, while the KGB had trained Saddam Hussein's security. About 8,000 Soviet citizens lived and worked in Iraq. On that day, by chance, Shevardnadze and James Baker were meeting in Irkutsk, near Lake Baikal, for arms control talks. Shevardnadze immediately decided that the USSR must join the United States against the Iraqi aggression. What happened next was kaleidoscopic. While Baker flew off to Mongolia for a pre-planned visit, the Soviet Foreign Minister flew to Moscow with Baker's aides Dennis Ross and Robert Zoellick. In mid-air, they drafted a joint US-Soviet declaration that put embargoes on the sale of weapons to Baghdad. In the Foreign Ministry, after a shouting match with his Arabists, Shevardnadze got his way. Gorbachev, at that point in Crimea, immediately backed Shevardnadze's decision. It was a stunning contrast to the domestic gabfest: there were no Politburo meetings or sessions of the Supreme Soviet. The KGB's Kryuchkov and Minister of Defense Yazov were simply informed about the decision.[71] Baker, who returned to Moscow on 3 August, was amazed and elated: he and Shevardnadze made a joint declaration of intent in the presence of CNN and the world's media. The Secretary of State considered it "the day the Cold War ended" and later would begin his political memoirs with this epochal event. In the White House, the normally skeptical Scowcroft shared this feeling. In Eastern Europe in 1989, and on German reunification, the Soviet leadership had reacted to the needs of the time, at least from an American viewpoint. This time, over Kuwait, Gorbachev and Shevardnadze had made a strategic choice that nobody forced them to do.[72] Bush was immensely impressed too: he called Gorbachev and proposed a summit in Helsinki to discuss cooperation on the Gulf.[73]

Gorbachev and Bush met in Helsinki on 9 September. Scowcroft and CIA analysts had briefed Bush that Gorbachev's authority "was in precipitous decline" and the Communist Party "irreparably weakened." Yet, as Chernyaev observed, it was Bush at the start of the summit who was "very nervous, fearing a failure." The US President desperately needed Gorbachev's support in the United Nations to legitimize his war against Iraq. He told Gorbachev: "Mr. President, I appeal to you as a respected friend, an equal, an important partner and participant in the events whose role is quite significant." Bush offered his Soviet partner the prospect of building a new world order together. American policy, which had sought to exclude the Soviet Union from Middle Eastern affairs, now wanted to include it. And Bush suggested that the two men should be on a first-name basis.[74]

Yevgeny Primakov, a leading Soviet Arabist, proposed brokering a withdrawal of Iraqi forces from Kuwait, in exchange for a promise to Saddam to hold

a peace conference on the Middle East. This plan, however, clashed with the American strategy of punishing the Iraqi regime, destroying its military strength, and establishing US hegemony in the Persian Gulf. Shevardnadze was furious at Primakov's interference. His aide Sergey Tarasenko later explained: "We were sinking as a state, the status of a great power was only in our memory. The only way for us to hold on as a great power was to hitch ourselves to the American locomotive." There was also a strong personal motive: like Shevardnadze, Primakov was also from Georgia and his political rival. Shevardnadze and Tarasenko signaled to Baker and Ross that they should undermine Primakov's plan. In Helsinki, Chernyaev sided with Shevardnadze: "We must put America before the Arabs. This is our future and our salvation."[75]

Gorbachev liked Primakov's scheme, yet when Bush offered him the prospect of building a new order, he changed his mind. He agreed to drop Primakov's linkage between Iraq and a peace conference in a public statement. This satisfied Bush and Baker. The Soviet leader then changed the subject: he asked the Americans to help with his economic reforms. The idea, he said, was to free up prices and saturate the market with products, so people could see the positive results. For this, Gorbachev concluded, he needed Western money. "The numbers are not great," he specified, "and we are not asking for grants, just loans that we will pay back with interest." American and Soviet participants set aside the main agenda and began to talk about joint ventures and economic cooperation. Bush promised to release the technology of horizontal drilling for oil, previously denied to the USSR. Gorbachev brought up the negotiations with Chevron to explore the Tengiz oil fields in Kazakhstan. Primakov and even Marshal Akhromeyev joined in this conversation with great interest.[76]

The next day, Baker flew from Helsinki to Moscow to join the US Secretary of Commerce Robert Mosbacher, who brought a delegation of American businessmen to discuss joint ventures. The head of Gosplan, Masliukov, was an official host, but Gorbachev took the leading role. He invited the American businessmen to the Kremlin and promised them his political support. Chernyaev noticed that the Americans kept raising the same question: should they deal with the center or the republics? They hesitated to invest their money, fearing that the parliaments of Russia or Kazakhstan would renege on Soviet commitments. Gorbachev waved aside those doubts. He pressed Baker for more assistance with Soviet reforms and asked him for $1.5 billion of credit. In Helsinki, he had been too proud to ask Bush about it. The Secretary of State praised the Soviet leader to the skies for his international leadership, but explained that a line of credit for the Soviet Union remained blocked due to problems from the past, going back to "the Kerensky debt" of 1917. This was the debt that the Russian provisional government had incurred and the Bolsheviks had refused

to honor. Baker joked about this: by the time the US Congress acted to remove these obstacles, the Soviets would have finished with perestroika twice over. He proposed to approach Saudi Arabia, the wealthiest Arab country in the Middle East and a key American ally. In the following days, with American mediation, Gorbachev turned to King Fahd with a request for money.[77]

"He has been begging everyone for money, for credits," Chernyaev wrote about Gorbachev at that time. On 7 September, before the Helsinki summit, the Soviet leader had also spoken with Kohl. They mentioned the signing of the German Treaty in Moscow on 12 September and the celebration in Berlin on 3 October. Above all, however, they had discussed Gorbachev's precarious position at home and his request for money. Kohl had offered 8 billion Deutschmarks to cover the cost of Soviet troops in East Germany and the resettlement of officers and their families back in the USSR. That was the most, his ministers told him, that the German budget could bear. Gorbachev, however, wanted twice as much. Kohl called again on 10 September, and offered 11–12 billion DM. Gorbachev said: "The transition to a market economy must begin on 1 October. I am in a bind and cannot haggle." Kohl responded that German companies were eager to support the Soviet transition to a market economy. "In the fall, we will talk about a big credit. I gave you my word and I will keep it." As a form of stop-gap assistance, the Chancellor offered an interest-free line of credit of 3 billion DM over five years. Gorbachev accepted the offer.[78]

The Soviet leader also made a pitch for funds to Israel. The Israelis, he told Chernyaev, would raise $10 billion to support the Soviet reforms. In return, Gorbachev promised to restore Soviet-Israeli diplomatic relations—broken in June 1967 because of the Six-Day War between the Arabs and Israelis—and legalize Jewish emigration. Beyond the Middle East, Gorbachev also turned to EU leaders for financial aid. The Italian Foreign Minister Gianni De Michelis came to Moscow with a preliminary agreement to provide a line of credit. The final amounts were significant: 3 billion DM from Kohl, $1.5 billion from Mitterrand, slightly more from Spain's Prime Minister González, the same from Italy, and $4 billion promised by King Fahd. The Israelis offered nothing.[79]

By the time this fund-raising campaign ended, however, its policy objective had disappeared: the Soviet program of economic reforms was in tatters. In early September, members of the Supreme Soviets of the USSR and RSFSR returned from their vacations. The two assemblies, products of Gorbachev's reforms, both had their seats in Moscow, separated only by a few miles. Instead of collaboration, they created a bipolar disorder in the Soviet capital. In the Russian parliament, which opened its session on 3 September, Yeltsin and Khasbulatov distributed copies of the 500 Days to the deputies, who approved it on 11 September. In the all-Union parliament, Ryzhkov boycotted the program;

Lukyanov told the deputies to wait for a compromise document. The war of laws between the two parliaments flared up. Ryzhkov publicly proposed to raise wholesale prices on meat. On this bombshell, all meat disappeared from stores. The Russian parliament reacted by raising the purchase price of meat on the RSFSR's territory without waiting for the Soviet government. The deputies also increased fivefold the price of "Russian" oil for domestic consumption. They also voted to raise pensions and social assistance to compensate for inflation. Petrakov and Yavlinsky looked on in horror, as the two parliaments were racing to undermine the financial foundations of economic reforms.[80]

Political emotions focused, naturally, on the question of power. On 21 October, after three weeks of delays, Gorbachev asked the Soviet legislature to give him additional presidential authority, to negotiate with the republics and implement market reforms. When the Russian parliamentarians learned this, they passed a law that made the President's decrees void on the territory of the RSFSR. That was a turning point for those in the Union parliament who were elected from Russian districts. They began to feel that their days in politics were numbered. The pressure grew on Gorbachev to build up the executive power and declare an emergency. On 24 September, the assembly voted to grant the President of the USSR power to declare an emergency in some areas of the country. The journalist Yaroshenko, who watched the proceedings from a press gallery, thought again about a creeping coup: Gorbachev had become a legal dictator of the Soviet Union. He was stunned that millions of Russians around the country simply did not notice or care.[81]

The suspense of "Black September" ended in farce. In the Russian parliament, three dozen deputies issued a manifesto with slogans: "The Fatherland is in danger!" "Organize civil disobedience!" "The Army, do not turn your arms against people!" The proclamation proposed to seize power and property, and to form self-defense squads. The faction espoused an extreme form of Russian nationalism; the author of the manifesto was a Party member who was also a crackpot theoretician of Russian neo-fascism. Two days later, *Pravda*, still the newspaper with a multi-million circulation, published a scathing comment on "protest activities" in the Russian legislature.[82] In the Party apparatus where democrats suspected there lurked dark conspiracies, functionaries were scared. They expected democrats to topple the communist authorities at any time, as in the Eastern European scenarios of 1989. The Moscow Party Secretary Yuri Prokofiev said about the manifesto of 24 September: "I have studied [it] with a pencil in my hand. This is a direct call for the overthrow of the existing powers, for anti-constitutional actions."[83]

On 29 September, Gorbachev met with hundreds of representatives of the "creative" Soviet intelligentsia. The majority were from Moscow, members of

the guilds of writers and artists with an elaborate system of privileges, paid out of the state budget and endowments. Gorbachev's reforms emancipated them from the Party controls, censorship, and the KGB's informers. At the meeting, however, nobody celebrated those new freedoms and praised Gorbachev. Everyone spoke of a new 1917, fearing anarchy and civil war. The composer Georgy Sviridov and the actor Kirill Lavrov spoke about the flight of scientific and cultural elites, many of Jewish origin, to Israel and the West. Mikhail Shatrov, a playwright with Jewish roots, feared pogroms. "The intelligentsia is capable of capsizing the ship," he said. "Now the intelligentsia should ask itself if it can help to steady the ship, at a time of awful turbulence." The editor of *Novy Mir*, Sergey Zalygin, bemoaned the excesses of glasnost: "In our country everyone has become a critic. And we set the example . . . We instigated the people to take this chattering path." The theater director Mark Zakharov said: "I am for strong presidential power with unlimited functions for some time." The Minister of Culture, Nikolai Gubenko, a well-known actor, grabbed the bull by the horns: "We are drunk with unfamiliar freedoms and destroy our cultural and historical tradition that brought many nations together [and formed the state that] is now named the Union of Soviet Socialist Republics."[84] The same people who wanted to bury Lenin and the Party dictatorship now called for a new dictatorship. It was up to Gorbachev to accept or reject this appeal.

A HOUSE DIVIDED

The date of 1 October came round, but the 500 Days program was dead, torpedoed from all sides: by the Soviet government and by the Russian parliament's populism. Yavlinsky was the first to abandon the sinking vessel of reform. At the end of September, at the peak of the euphoria, he and other fellow economists flew to the United States, paid for by the American billionaire George Soros, to present 500 Days at an international forum organized by the IMF and World Bank. A small army of translators, also paid for by the Soros Foundation, produced a thick English version of the 500 Days overnight.[85] After returning to Moscow, however, Yavlinsky discovered that the program was in ruins and complained about it to Yeltsin. The Russian leader was at home, recovering after a car accident. On 21 September, in downtown Moscow, a compact "Zhiguli" car had hit Yeltsin's chauffeured sedan. Everyone in Yeltsin's entourage and millions of Russians believed it was a failed KGB assassination attempt. Yeltsin told the young economist not to get upset: "We will roll everything back later on, after Gorbachev is out." Yavlinsky later claimed he was appalled by such cynicism. He resigned from the RSFSR government. Yeltsin offered him the post of economic advisor, but Yavlinsky politely declined.[86]

Petrakov continued to serve as Gorbachev's economic assistant until the end of the year. He decided, however, to appeal to public opinion again. On 4 November, *Komsomolskaia Pravda* published a manifesto signed by Petrakov, Shatalin, Yavlinsky, and other economists who had produced the 500 Days. They attacked a compromise program prepared by Aganbegyan—the one that Gorbachev had approved. This document, the manifesto declared, would not solve any problems and only doom the country to misery.[87]

On 15 October 1990, Mikhail Gorbachev was awarded the Nobel Peace Prize. The Norwegian Nobel Committee in Oslo recognized his unique contribution to the end of the Cold War. It was another gift from the grateful West. Raisa collected hundreds of congratulatory and laudatory articles and letters, mostly from abroad. Domestic correspondence, however, denounced Gorbachev for his role in destroying the Soviet state and the stable economy. Gorbachev showed some of the letters to Chernyaev, who wondered why his boss spent his precious time reading this rubbish. Gorbachev's aide believed that the best option for his boss would be to take his Nobel prize and retire. Instead, Gorbachev continued acting as a busybody who "inserts himself everywhere" without any idea what to do.[88]

Boris Yeltsin responded to Gorbachev's Nobel prize in his unique way. On 16 October, in a speech to the Russian Assembly, he blamed Gorbachev for his failure to keep to his side of the bargain. He called Gorbachev's attempt to produce a hybrid program of economic reform "a catastrophe." He blamed economic disaster and inflationary spending on the Ryzhkov government. And he laid out three options for the Russian Federation. First, to implement the 500 Days in "Russia" alone; take full control of RSFSR customs and foreign trade; have its own banks and currency; get its share of Soviet military forces. Second, to form a coalition government between Gorbachev and "the advocates of radical reforms." Third, to wait about half a year, until Gorbachev's plans crumbled.[89]

At the Presidential Council, Kryuchkov and Lukyanov urged Gorbachev to respond to Yeltsin's "declaration of war" by an appeal to the people on television and by going ahead with economic reforms without asking the republican authorities for consent. Ryzhkov feared the opposition would seize power imminently and lynch him as well as other government officials. Medvedev and Shevardnadze opted for a compromise. Boldin cut in: "We must abandon our illusions about Yeltsin. He will never work with us. His state of health drives him to confrontation." His choice was to affirm the central power. Gorbachev exploded: "It is not about Yeltsin. He reflects social trends. People sense the approach of chaos, collapse. They want order and are even ready for emergency measures." Then, however, he agreed with Boldin: "This paranoiac seeks to grab the Presidency [of the USSR]. He is sick. His entourage keeps inciting him. We

must deal him a good one in the mug." In a huff, Gorbachev asked Shevardnadze to cancel all his foreign trips for the weeks ahead. Horrified, Chernyaev, Petrakov, Shatalin, and other advisors pleaded with Gorbachev after the meeting. They feared nationwide strikes and civil disobedience. Chernyaev told his boss that he should ignore Yeltsin's bluff and build up his international stature. This was a winning argument. Gorbachev relented and decided to proceed with his foreign trips.[90]

Yeltsin's speech revealed his priorities once again. The Soviet Union, he said at a meeting with the British Foreign Secretary Douglas Hurd, would be replaced by "a pyramid in reverse"—a voluntary union of sovereign republics. "Russia was now in a position to sign treaties with foreign countries, not only on economic matters but, for example, on a nuclear test moratorium." He assured the surprised Hurd that "Gorbachev would not object" to this. The British ambassador Rodric Braithwaite, who was present at this meeting, felt that Yeltsin was "interested in power, and his current tactic is to destroy Ryzhkov, emasculate and discredit the Union government," and later "eliminate Gorbachev as well." For Braithwaite, those objectives were "hopelessly unattainable," and he made a striking comparison between the Russian leader and Hitler: "He evidently believes in the Triumph of the Will, in his ability to achieve what more ordinary people say is impossible."[91]

The Russian people's support was all that Yeltsin had. The Russian Federation was a ghost state without a functional bureaucracy, expertise, money, or resources. For seventy years, this giant republic had followed the orders of the central all-Union ministries and the central Party apparatus. Many in the regional KGB and police branches, ethnic Russians, supported Russian sovereignty and Yeltsin personally, yet there was no "Russian KGB."[92] Yeltsin even lacked a proper security detail: only "Sasha" Korzhakov, a former KGB officer, protected him. Gorbachev promised that some administrative-bureaucratic resources would be transferred from the central government to the Russian state. Yeltsin's October speech seemed to end the opportunity for such generosity. Yeltsin realized it. After making a grand gesture, the Russian leader telephoned Gorbachev to offer his lame excuses. He did not, however, give up on his objectives.

In the fall of 1990, Gennady Burbulis assumed a particularly prominent role next to Yeltsin. The views and activities of this man would have a growing influence on his master. Burbulis, like Gorbachev and Raisa, had studied philosophy and had a penchant for theory and intellectual debates. When perestroika started, he was teaching Marxism-Leninism at the Ural University; in 1987 he launched a discussion club that attracted huge crowds of professionals and the intelligentsia. In March 1989 he was elected to the Congress of People's Deputies

and joined a group of Moscow intellectuals around Andrei Sakharov. In 1990, Burbulis concluded that a new democratic Russia should destroy the USSR, an awful totalitarian empire, liberate other nations, and join the West in building a global liberal order. He began to collaborate with Americans from the Republican Right, who provided money for "democracy seminars" in various Russian cities.[93]

In September 1990, Burbulis convinced Yeltsin to set up "a supreme consultative-coordinating council" and invite leading Moscow intellectuals and "intelligent" provincials to discuss political strategy. Yeltsin, who had always envied Gorbachev's intellectual entourage, immediately agreed. The project was an instant success: Moscow's intellectual elite, already disillusioned with Gorbachev, flocked to "the council." At the first sessions in October 1990, Yeltsin sat in awe listening to the best and brightest of the country. "He absorbed new ideas like a sponge," Burbulis recalled.[94] The discussions focused on how to prevail against Gorbachev's center. The theater director Mark Zakharov expressed the common view: "Russia . . . needs to take Napoleonic steps," and therefore "needs its own KGB and police force." Otherwise, "Russian transition and democratic transformation will not be carried out."[95]

Further influential advice for Yeltsin came on 18 September from the famous nationalist writer and dissident Alexander Solzhenitsyn: the newspaper *Komsomolskaia Pravda* published 18 million copies of his pamphlet "How to Rebuild Russia?" The famous émigré writer wrote that Russians for centuries had made up the empire. The Soviet experiment had exhausted Russians; they could no longer carry the imperial burden. Solzhenitsyn proposed to dissolve the Soviet Union, and preserve its Slavic core: the RSFSR, Ukraine, and Belarus, populated by "three fraternal peoples." Solzhenitsyn proposed retaining the northern parts of Kazakhstan, developed and populated by "Russians."[96] The pamphlet had a big impact on Yeltsin. Burbulis reinterpreted Solzhenitsyn's idea: he proposed to form a political union of the three Slavic republics against the Kremlin.[97]

On 21–22 October, Democratic Russia convened its conference in Moscow. Some 1,600 delegates from seventy-three regions of the Russian Federation gathered in a giant movie complex, appropriately called "Russia." About 300 journalists, Russian and Western, and 200 foreign guests attended. Arkady Murashov, the top organizer and a friend of Burbulis, announced to the press the main goals of the movement: "to put an end to the Soviet socialist period of Russian history" and to elect a president of the Russian Republic, who would "neutralize the destructive activity of the communist imperial center."[98] The meeting was a bazaar of liberal anti-communist rhetoric and intelligentsia sectarianism. Gorbachev became a focus of critical attacks, because of his failure to implement the 500 Days. The popular magazine *Ogonyok* quoted the rant of

one delegate: "Had we gone to market . . . like the Poles, our stores would have been stuffed with goods; pineapples would have been sold in the streets; rubles would have been exchanged for dollars and pounds at every corner." Never mind that the 500 Days aimed *to avoid* the Polish-style reforms! Other delegates demanded that they get rid of all Soviet state structures at once, including the Party and the President. Only Andrei Sakharov's widow Yelena Bonner called for collaboration with Gorbachev.[99]

After his trip to Madrid and Paris, Gorbachev returned to Moscow to attend another Presidential Council on 31 October. Some in his entourage believed that Democratic Russia and Yeltsin were acting according to the Bolshevik scenario of 1917. "The country has become ungovernable!" Even Shevardnadze and Yakovlev called for a strong executive power. The head of the KGB said: "I assert that even today the Party remains the only force in the country that can make things happen." Yazov fulminated against young popular TV journalists, who mocked the armed forces, and suggested that they "throw this scum out." Lukyanov summed up an authoritarian vision of implementing economic reforms. The Party power should be resurrected. The Party organizations in the Army, the KGB, the police, and courts must be preserved. The Supreme Soviet of the USSR was the last political redoubt on which Gorbachev could rely. People had grown tired of anarchy and crime, and would back the President's strong-armed policies. The intelligentsia, aside from the democratic extremists, would support him as well, out of fear of a civil war. Lukyanov rejected any coalition with Yeltsin. The opposition, he said, only wanted to seize economic resources and was not ready to govern. Contradicting himself, Lukyanov compared the Russian "democrats" to Solidarity in Poland. First, they would make Gorbachev a figurehead president like General Jaruzelski; then they would get rid of him. Gorbachev agreed: "We immediately saw through their scheme." Encouraged by Gorbachev's support, Lukyanov came up with an idea: to set up "a small staff with dictatorial powers." It would "coordinate all processes." Its analytical center would outdo the opposition, "by thinking five–six steps ahead."[100] Everyone waited for Gorbachev's reaction. He pretended not to understand the essence of this proposal. A few minutes later, he said: "Comrades, do not wait for instructions. I am tired of hearing from you 'do this, do that.' Act. You have your powers, the laws." He turned to the KGB chief: "Kryuchkov, who is preventing you from acting? . . . I will correct you if necessary. But do go ahead." This was a startling remark: the President had instructed the KGB chief to improvise as he saw fit.[101]

At the meeting of the Presidential Council on 5 November, Shevardnadze proposed considering an option to bring the opposition to power. It was a bizarre idea, and Gorbachev dismissed it.[102] Then Lukyanov reported about preparations for Revolution Day on 7 November. This was the most important

state celebration, including a military parade and people's rally on Red Square. Everybody remembered the disastrous experience on May Day. This time it could be much worse. Moscow newspapers and journals lambasted the Bolshevik "October coup" and ridiculed Gorbachev's rhetoric of "the socialist choice." Radical groups threatened to build barricades, to block the column of tanks from coming to Red Square. The CNN images of Beijing in June 1989, when an unknown man halted the armored column of tanks, could happen on the streets of Moscow. The commanders of the Moscow military district and the KGB officials told Lukyanov that there was no way to prevent anti-Soviet, anti-communist rallies. Lukyanov reported that the officials in Moscow's city council, elected from Democratic Russia, refused to take any responsibility for possible disorder and advised that the festivities be canceled. Gorbachev listened and then exploded: "There must be no demonstrations against the October Revolution, against the power of the Soviets!" He accused Lukyanov of pandering to the democrats. Lukyanov replied that the danger of violent confrontation was real. A movement of "soldiers' mothers" was planning a rally to demand the recall of their sons from the zones of ethnic conflict in South Caucasus and Central Asia. The populist demagogues Telman Gdlyan and Nikolai Ivanov planned a rally on Red Square.[103]

Gorbachev also vented his anger at the Minister of the Interior, Vadim Bakatin. Two years ago, Gorbachev had selected this Party official from Kuzbass to run the notoriously corrupt police forces. Bakatin had become a darling of the Moscow media: he spoke against corruption, improved conditions in prisons, and fired police informants. Now Gorbachev asked him to use the police to guarantee order in Moscow's streets. Bakatin refused: "You may be sorry on the day after. There will be a melee and some corpses. Remember May Day."[104] The Soviet leader accused Bakatin of cowardice and disobedience, but did nothing.[105] Shevardnadze was despondent about these exchanges. He saw Gorbachev drifting towards the use of force and a dictatorial regime.[106]

On 7 November 1990, the celebrations of the Bolshevik Revolution came and went without the much-feared confrontation. At the last moment, Gorbachev suggested that Yeltsin join him atop Lenin's Mausoleum for the festivities, and Yeltsin agreed. The Soviet leader spoke again about "the ideals of October," berated "extremist forces," and referred to the "unique role of the Russians" in achieving political stability and the success of perestroika. The military parade went ahead without accidents. Then Gorbachev and Yeltsin walked across Red Square to join the popular rally. Smiling affably, they led the people's procession. In front of the Mausoleum, Gorbachev, Yeltsin, and others laid wreaths to commemorate the founder of the Soviet state and returned to the viewing podium. For a moment, the protagonists had buried their hatchets.[107]

Only one glitch marred the choreographed event. A locksmith from Leningrad, inflamed by radical propaganda, came to Red Square with a gun. He wanted to assassinate Gorbachev, to clear the road for national elections of a new democratic leader of the USSR. The man joined the people's procession and, at a distance of fifty meters from the Mausoleum, aimed the gun at Gorbachev's head. A police sergeant, who happened to be nearby, managed to pull the gun down, averting what could have been the assassination of the Soviet leader. The hapless assassin was arrested by the KGB and ended up in a psychiatric ward. The sergeant was awarded a medal and a ticket to a concert.[108] After this, counter-demonstrations went on peacefully. The rally of Democratic Russia was held next to the Party headquarters. The British ambassador saw the rally as "the usual intellectuals . . . all saying the usual worthy things and doing nothing." In the second half of the day, when everybody had left the Mausoleum and the stalls for guests, a big opposition procession entered and passed through Red Square. Yeltsin joined in, and the crowd welcomed him enthusiastically: "Yeltsin! Yeltsin!"[109] The Russians were divided, as they had never been since the time of the Revolution and civil war. Yet nobody wanted violence.

The next day, Gorbachev met with James Baker and assured him that the celebration of the Leninist Revolution had demonstrated the support of the "silent majority" for law and order.[110] He was being naïve. Separatist processes in the Soviet Union continued. In Kiev, a group of demonstrators with blue-yellow flags, symbolizing the independent Ukraine of 1918, and anti-communist slogans, stood out from the official proceedings. In Minsk, the National Front of Belorussia clashed with the police. In Moldova, the national front decided to secede from the USSR and join Romania, which led to the revolt of the Russian minority in the republic. Georgia, the Baltic republics, and Armenia canceled their celebrations altogether. In Azerbaijan and Tajikistan, there was a regime of martial law. In Lithuania and Estonia, the Soviet military marched in the republican capitals, Vilnius and Tallinn; the republican parliaments denounced this as "a show of intimidation" and "violation of sovereignty."[111]

During 1990, Gorbachev repeatedly secured and squandered chances to regain momentum for himself and the central state. There seemed to exist a window of opportunity, however fleeting, to launch systemic market reform, while still retaining state controls and developing new regulators. This, however, required extraordinary vision, will, and even luck that the Soviet leadership lacked. The ignorance of Soviet (and Russian) elites about the dire economic state of affairs, populist chaos, and lack of any tangible Western support made the window shut soon after it had opened. This had fateful consequences for the future of the common statehood, as a sense of economic doom became the main driver of separatism.

CONCLUSION

As this book has explored, the Soviet Union fell victim to a perfect storm and a hapless captain. In the 1980s, after fifteen years of resisting any reforms, the Soviet leadership under Mikhail Gorbachev launched economic and political changes of great magnitude. The ideas and designs underpinning those reforms were, however, fatally outdated, economically flawed, and led to the destruction of the existing economy and polity from within. The architects of the reforms, above all Mikhail Gorbachev, were unable to recognize their failure and modify their course. At the same time, they enabled new actors to emerge from the rubble of the old system, who were to inherit chaos.

Any leader of the Soviet Union who inherited the old system in 1985 and ruled the people corrupted by it would have faced a Herculean task and opened a Pandora's box of problems. But Mikhail Gorbachev was no ancient hero. He wanted to emancipate Soviet people from the legacy of oppression and conformism, yet did not learn enough from the great reformers of Russia's past, such as Tsar Alexander II, Count Sergey Witte, or Prime Minister Pyotr Stolypin. Instead, his role model was Vladimir Lenin, the great destroyer of Russian statehood. Gorbachev felt his destiny was to embrace change on a revolutionary scale, just like the furious Bolshevik had done in 1917–22. Like Lenin, he wanted to unleash forces of chaos in order to create a society that had never existed—a dangerous exercise in ideological messianism. At the same time, in a major paradox of Soviet history, Gorbachev consistently rejected methods and features that were at the core of Lenin's revolutionary success. He preferred speeches to action, parliamentary consensus to violence, and devolution of power to dictatorship. In a word, his messianic idea of a humane socialist society was increasingly detached from the realities of Soviet power and its economy.

Those who have studied Gorbachev's reforms before contend that he had to walk a tightrope, balancing between making long-overdue changes and offsetting the backlash of hardliners. Otherwise, he would have been ousted as Nikita Khrushchev had been in 1964. It is often said that "the August coup" of 1991 validated this. This book demonstrates questions and qualifies these assumptions. There were still plenty of diehard ideologues in the Party, yet in the 1980s the Soviet bureaucracy was no longer a phalanx of "Stalinists" determined to resist any sort of change. Had that been the case, Gorbachev would have been ousted on one of many possible occasions between 1988 and 1990. Opposition to Gorbachev inside the Party and state always remained diffuse, leaderless, lacking a clear alternative strategy. The junta's three-day rule in August 1991, prompted by a desire to preserve the unitary state, was an act of folly, lacking a clear design and policy options. The Army, security services, and bureaucracy merely sat on the fence, waiting to see who would emerge the winner.

Gorbachev's leadership, character, and beliefs constituted a major factor in the Soviet Union's self-destruction. He combined ideological reformist zeal with political timidity, schematic messianism with practical detachment, visionary and breathtaking foreign policy with an inability to promote crucial domestic reforms. Those features made him unique in Soviet history. His aversion to force and violence, however, was typical of his generation, shared by many, even conservatives. This points to a deeper cultural and social transformation of the Soviet elites during the decades after Stalin. They turned out to be surprisingly feckless when the political and economic storm came. Gorbachev's aide Georgy Shakhnazarov, who observed the Politburo's collective paralysis of will, called it a systemic crisis.[1] No one in the Politburo could stomach enacting painful reforms or, if need be, maintaining order through force. The policies that Gorbachev favored, appeasing the intelligentsia and devolving responsibilities to the republican ruling elites, constituted a road to chaos, not to better reforms. This enabled and legitimized runaway separatism in the Baltics and in South Caucasus, and, ultimately, in the core Slavic republics of the USSR.

Only a hardcore determinist could believe that there were no alternatives to Gorbachev's policies. A much more logical path for the Soviet system would have been the continuation of Andropov-like authoritarianism, which enjoyed mass support, combined with radical market liberalization—just what Lenin had done many decades earlier. Even in 1990–91, the majority of Russians wanted a strong leader, a better economy, and consolidation of the country—not liberal democracy, civil rights, and national self-determination. Gorbachev failed to provide this, so they backed Yeltsin instead.

In late 1988, some of Gorbachev's lieutenants proposed a constitutional affirmation of the unitary state, at least a strong presidential federation, with

central control over taxes and finances. Instead, Gorbachev promoted a fatal policy of "stronger republics," despite the glaringly bad example of Yugoslavia. And he empowered institutions, such as the Congress of People's Deputies and Supreme Soviet, representative but unwieldy bodies, incapable of governance. The Party dictatorship at least could launch and control painful and difficult reforms. The system of "socialist democracy" that replaced it meant emancipation and liberalization, but it also opened the gateways to virulent populism and national separatism, above all in the Russian Federation, without providing checks and balances. A parallel disaster happened to the economy. The reforms, prepared by well-meaning but hapless economists and technocrats, enabled new economic actors to make profits by cannibalizing the existing economy and appropriating state taxes and funds, instead of creating a stable new economy with new assets. This resulted in an ever-growing hole in the state budget. The "republican self-financing" reforms only fueled separatist aspirations and killed the chance of creating a new federal system.

In early 1990, Gorbachev had a big opportunity, perhaps his last one, to snatch victory from the jaws of defeat: his economic advisor Nikolai Petrakov designed an excellent program of radical economic reforms. The Soviet leader still had new presidential power and still controlled the Party. Lithuania was in open rebellion, but the Russian core of the Union was still controlled by the center. Gorbachev could have appointed a new government, introduced presidential rule, rolled back the republic's rights, and proceeded with market reform. It would have been a huge gamble, but it was still feasible and could have changed the climate in the whole country. Instead, Gorbachev hesitated and waited, and then the window of opportunity closed: 1990 continued and ended as the year of wasted opportunities, when the impotence of the Union government became clear to everyone. Yeltsin was the main beneficiary of this state of indecision. At the same time, Gorbachev was capable of acting resolutely in foreign policy, on the German Question and in the Middle East. Had he acted in the same way domestically, the future of the Soviet Union could have taken a different turn. Lenin's admirer, however, turned out to be a sorcerer's apprentice; he did not know how to regain control over the forces he had unleashed.

Gorbachev's indecision and decentralization of power alienated and fragmented the Party nomenklatura. The empowerment of republican institutions and nationalist movements left Soviet functionaries with only one choice: to "go nationalist" and identify themselves with ethno-territorial interests, republics, and regions. The fact that the first fully free elections of March 1990 took place in the republics, not nationwide, propelled the decomposition of Soviet elites along nationalist lines. This pushed Soviet politics in the same disastrous direction as in Yugoslavia at the same time. The rapid decomposition of the old

ruling class meant the demise of unitary statehood. A huge factor was the awakening of the sleeping Russian giant and the emergence of a "Russian" counter-elite in Moscow, legitimized by a free popular ballot in the largest republic of the Union.

Simultaneously with the demise of the Soviet elite, the alienated and semi-dissident professionals, members of the former Soviet intelligentsia, turned out to be a ready-made base for an anti-systemic revolt, a mass base for the maverick Boris Yeltsin and "Democratic Russia." Those people could not by themselves seize control of the biggest Soviet republic. What enabled them to do so was broad discontent with the Soviet government and Gorbachev's leadership, and fragmentation of the Party nomenklatura and the KGB. Yeltsin ended up posing as the leader of a counter-elite, vying with the central authorities for power and property. This "Russian" counter-elite attracted diverse people, from a few genuine democrats to many status-hungry intellectuals and demagogues. It capitalized on many different grievances: populist revolt against the Party, economic discontent, fear of anarchy and civil war, the genuine liberalism of Moscow intellectuals, and anti-imperial and anti-Moscow sentiments in the provinces.

It was the weakness of the Kremlin leadership, however, not the strength of the "Russian opposition," that remained the principal factor in the systemic crisis that pulled the country apart. In March 1991, about 20 percent of people in the core republics of the Union thought that it would be better to live in separate republics rather than in a common state. This minority became the majority by August, most apparently in Ukraine, but also in the Russian Federation. Overwhelmingly, this was not the result of a sudden national awakening. Rather, it was a choice in favor of law and order, a distancing from the grotesque ineptness of the central authorities and the vacuum of central power. As one young scholar put it, after August 1991, "hierarchical breakdown was not a consequence of some broader 'collapse' of the Soviet system but rather constituted the systemic collapse itself."[2] Translated into plain English, the Soviet system was dismantled and dismembered largely by the internal tug of war.

This tug of war had no consensual resolution: it had to end either in a decisive showdown or in a collapse of statehood. Gorbachev sought to avoid either scenario, yet the Union Treaty deal he negotiated with Yeltsin was a final act of appeasement, which made decomposition of the state inevitable, perhaps only a bit more gradual than what happened in reality. Kryuchkov and a few other members of Gorbachev's entourage realized this inevitability; so they went over his head to stop the signing of the new Union Treaty that made the Soviet constitution and state null and void. Yet they also shied away from the specter of a civil war. Fortunately for Yeltsin and the opposition, there was no Deng-like

or Pinochet-like figure in command of the Soviet Army and the KGB. The lack of ideological unity also weakened the junta: its members were not inspired by any particular ideology, communist or anti-communist. The Party was already a carcass of its former self; it no longer shaped the direction of the Soviet state, society, and economy. It was the Party's demise that made the junta's plot possible in August 1991. The junta's leaders—Kryuchkov, Yazov, and Pavlov—were not bound by the Party hierarchy, discipline, and authority; they acted on their own. The Army and security forces followed the orders of their superiors, yet they also lacked unity of command and purpose. A resolute use of force could have cemented and crystallized the state structures, yet the order for this never came.

Ideology and ideological divides loomed large during the last years of Soviet history. After Stalin's death, Khrushchev and his colleagues had been able to offer people a refurbished utopia, a less cruel form of socialism with Sputnik, more food, and individual housing, as well as a bit more openness, to compensate for the trials and Terror of the past. Gorbachev had sought to do the same in 1987–89, but he quickly failed, being unable to support his domestic promises with any tangible achievements. While glasnost tore apart the entire socialist utopia, including Leninist mythology, the gaping vacuum between ideals and realities was filled by cynical profiteering, but also nationalism, anti-communism, and populism. Yeltsin and many from "Democratic Russia" became passionate anti-communist ideologues, with an allegiance to Western liberal democracy. Those who later suspected that Yeltsin and the Russian elites simulated their faith are wrong: they sought to liberate "Russia," other "nations," and the world from the Soviet "totalitarian empire," expecting to create a "normal" state and society from the rubble.[3] Very few of them took into account the huge dangers of this enterprise, including partition of the economy and the arsenal of nuclear weapons, and the resulting ethno-territorial conflicts. Just like the Bolsheviks in 1917, they felt that history was on their side; this combination of ignorance and confidence gave them a big advantage over Gorbachev and his government. With breathtaking naïveté, incredible as it appeared to many people at the time and later, the Russian leaders wanted to be recognized, legitimated, adopted, and incorporated by the West. Without such expectations, amounting to an ideological revolution, one simply cannot understand the story of the Soviet implosion from within.

Like any historical drama of great speed and magnitude, the Soviet collapse consisted of turning points where the main actors faced dilemmas and made or shirked vital choices. Gorbachev was a grandmaster of nomenklatura politics, but a poor decision-maker. His one real gamble was the political reform of 1988–89; before and after that he temporized, searched for an illusory consensus,

reacted to pressure, and often passed responsibility to others. Yeltsin's path to power, by contrast, was one long streak of gambling. In 1989, he bet on the future of "Russia" instead of the Soviet Union; in 1991, he upped the ante repeatedly, putting everything on the line. In the fall of that year, when Yegor Gaidar convinced Yeltsin that the choice was between keeping the Union and "saving Russia" by an IMF-style liberalization, the Russian leader did not hesitate to choose the latter. Many people in Yeltsin's entourage, armed with their hatred of the old system and their new faith in a liberal future, acted decisively. The nomenklatura reformers, defenders of the state institutions, disarmed by doubts and lack of strong leadership, hedged their bets or sat on the fence.

The speed and ease with which the Soviet central structures collapsed baffled even the most experienced Western observers. The British ambassador, Rodric Braithwaite, concluded his Annual Review with the phrase: "In 1991 . . . Gorbachev began the year without friends, and ended it without a job. Yeltsin triumphed, to face an economic collapse which could bring his reign, too, to an early end."[4] As much of this book details, the main institutions of Soviet statehood actually proved to be remarkably resilient and lasted until almost the end of the Soviet Union's existence; even the eruption of democratic fury in August 1991 could not destroy them. The state apparatus was simply taken over by "the Russians"; the Russian Federation, instead of designing a new state out of thin air, inherited the bulk of the old central statehood. After a period of chaos, this statehood was recreated and reinvented during the presidency of Vladimir Putin.

The Western factor in the Soviet reforms and collapse, as this book demonstrates, was always central, albeit poorly understood by both sides. Contrary to the old narrative, Ronald Reagan's offensive, Cold War pressures, and the unaffordable costs of defense spending did not push the Soviet leadership toward reforms; the realization of their necessity dated to the early 1960s. Western power grew correspondingly with the stages of the Soviet crisis and demise. As the reforms began to fail, and the Party regime declined, this power increased enormously. By the end of 1988, Gorbachev, Shevardnadze, and their entourage were once again adhering to the old Russian tradition of viewing the West as a partner in a grandiose project—but this time of the Soviet Union's modernization. In 1989, Soviet domestic troubles and the sudden meltdown of the Eastern European communist regimes made Gorbachev combine his role as the architect of a new international order with the need to beg for foreign credits and assistance. At the same time, for many in the Russian opposition, the West became a model of "normality," in the name of which they wanted to smash the Soviet system and state. And by the end of 1990, even the most conservative and secrecy-bound segments of the Soviet elites were beginning to ask Westerners

to help them reform and survive. In the summer of 1991, the expectation of a new Marshall Plan among the Soviet elites became almost universal.

Had the US-led West tried to "preserve" the Soviet Union, there was a chance of survival. But the West did not invest in the collapsing Soviet Union, and many in Washington wanted to break it up for security reasons. Western leaders, experts, and opinion-makers could not comprehend how their Soviet adversaries could suddenly transform into eager partners and even supplicants. The Americans, after decades of Cold War rivalry, continued to view the internal Soviet tug of war through binary lenses: "communists" versus "democrats," "reformers" versus "hardliners," and so on. Only a few experts had the knowledge and patience to discern the nuances. Congress, think tanks, and many members of the Bush administration continued to treat the Soviet Union as an "evil empire" that could not be reformed. Eastern European and Baltic diasporas, the Republican Right, and liberal Democrats had their brethren and friends in the Soviet Union to help; they rooted for anti-communism and separatism. The Bush administration, because of its uncertainty, preferred to maintain its distance from Soviet politics and reforms. Yet domestic lobbying, the national security stakes, and the sheer intensity of revolutionary change forced US policy-makers to take sides.

In any case, whether Bush and his people wanted to participate or not, every actor in the Soviet drama, from Baltic nationalists to members of the junta, looked to "America" as a crucial factor shaping their behavior and choices. The most remarkable part of this story was the desire of both Gorbachev and Yeltsin to lean on the United States and follow its guidance and advice, in exchange for recognition and inclusion.

In the West, the collapse of the Soviet Union became conflated with the happy exit from the Cold War, victory over communism, the triumph of liberal values, and expectation of eternal peace and prosperity. Above all, there was great relief that the geopolitical rival and militarized giant had disappeared. The Soviet dissolution, wrote the historian Odd Arne Westad many years later, "removed the last vestige of the Cold War as an international system."[5] So much for Gorbachev's endeavors to change the Soviet Union's image! There was no political will or imagination among Western leaders to seize the unprecedented and historic opportunity to consolidate democracy in Russia. The widespread view was that the post-Soviet space was too huge and unpredictable for integration within the Western orbit. It was more realistic and pragmatic to pick the low-hanging fruits of the Cold War victory, above all in Eastern Europe and the Baltics. Still, the Bush administration made an effort in 1992 to appeal to Congress with a loan of $24 billion to help sustain "Russia's freedom." This promising initiative was quickly lost in Bush's re-election campaign; and in the

end, Bush lost to a young Democrat, Bill Clinton. Strobe Talbott, a friend of Clinton's, recalled him saying how lucky he was that the August 1991 coup had failed and the Soviet Union had vanished. Otherwise, Clinton believed, the American public would have continued to think in terms of the Cold War and Bush would have won the election. Clinton praised Bush for assuming "the role of a sympathetic, attentive, highly competent air-traffic controller, guiding Gorbachev as he piloted the Soviet Union in for a soft landing on the ash heap of history." Clinton and Talbott were now determined to guide Yeltsin, until there would be a place for Russia in a US-led new global order. This ill-defined project did not succeed.[6]

On 2 January 1992, the Yeltsin–Gaidar government of Russia launched liberalization and market reforms, and started the privatization of state property at breakneck speed. The historian Kristina Spohr wrote: "The big-bang approach to the post-Soviet economic transition was probably the greatest economic reform ever undertaken." Yet the reformers continued to wait in vain for that massive Western economic and financial assistance package. Western money went to Eastern Europe instead; and very soon huge amounts of money also started pouring into communist China, which was reopened for business by Deng Xiaoping in 1992.[7] The Washington Consensus and global money markets left not only Russia in the lurch, but Ukraine and other former Soviet republics as well, with the exception of the three Baltic states. Russia and Ukraine competed in counting on Western generosity, support of "democracy," and geopolitical far-sightedness. Instead, they were left to compete for greedy investors—a zero-sum game that both countries lost. Global financial structures made a mockery of national sovereignty and pride. The elites and peoples of the former superpower suddenly found themselves near the bottom of the world's food chain.[8]

After the unification of Italy in the mid-nineteenth century, a liberal politician famously said: "Italy is made. The rest is to make the Italians."[9] In December 1991, the leaders of the former Soviet states could have said: "The Soviet Union is unmade. The rest is to make new states and their citizens." There were no fully sovereign, economically viable states on post-Soviet territory. The populations of the former Soviet republics had to learn to absorb their new identities. The common Soviet economy had to be partitioned and privatized: its torn and tattered remains had to be reconnected by profit and the market. That was not a happy process. The former Soviet elites did not live up to the magnitude of the task at hand. They mostly mimicked and simulated economic blueprints coming from the West. And they redistributed state property.

The Yeltsin-Gaidar government, left without a Western stabilization fund, but with a gaping balance-of-payments crisis and an empty budget, was soon

consumed by the enormous domestic backlash and buffeted by illiberal populists and nationalists such as Vladimir Zhirinovsky. The Russian economy was plunged into the greatest recession it had experienced since 1917–21 and the Nazi invasion in the summer of 1941. Russia experienced the worst of the Latin American capitalism of the 1980s and 1990s, including huge social dislocation and wealth inequality, while experiencing a steep economic decline. Instead of modernization, there was massive de-industrialization—in part inevitable, but mostly barbaric and senseless. Privatization failed to produce a burgeoning middle class; the distribution of state assets was blatantly unfair, and it created a new clique of so-called "oligarchs" who resembled the Latin American export-oriented comprador bourgeoisie, indifferent to their own citizens. The privatized stores gradually filled up with food and other goods, but most Russians did not view this as a miracle. For years after 1991, tens of millions would struggle to put even basic food on their tables. In the 1980s about 30 percent of Russians lived in poverty; during the 1990s, 70–80 percent did so. In the Soviet Union, there was a safety net and basic food items were available at artificially low fixed prices. In the new Russia, many institutions of social care and welfare were destroyed; the old safety net was gone—with rampant crime and mafia-like rule in most towns and regions. The life expectancy of Russians dropped from 69 years in 1990 to 64.5 years in 1994; for males the plunge was from 64 years down to 58 years. By the end of the 1990s there were 3.7 million fewer children in Russia than there were in 1990; there were also 3.4 million premature deaths of working-age men. Many young women could not afford to have and raise children. This was a demographic catastrophe in peacetime, which Russia has not overcome to this day.[10] While life was not good under the Soviet Union, for the majority things became much worse once it was gone. In Russia, people felt they had been cheated twice, by Gorbachev in the recent past, and now by Yeltsin.

Yeltsin felt cheated, too. In Western eyes, the Russian President did not have the status his predecessor Gorbachev had. "For all the talk about the new Russia," Spohr comments, Gorbachev "represented a recognized ideological system and unquestioned superpower." It was not clear what Yeltsin's Russia represented, with its collapsing economy, ethnic conflicts in Chechnya and elsewhere, and an impoverished population.[11] Russian elites became sharply divided. An entrepreneurial educated minority, especially in Moscow, enjoyed new freedoms and learned to benefit from them materially and spiritually. Many, however, began to rethink their pro-American and pro-Western stance. The anti-communist mania of 1991, of destroying the old economic and financial controls, while rushing toward capitalist uncertainty, began to look retrospectively like ideological madness. The triumphant West seemed to have left

the struggling Russia and other post-Soviet states out of its zone of comfort. And soon suspicions were raised that Russia would not be included in the dominant Western structures, NATO and the European Union.[12]

Gorbachev and Shakhnazarov, both now out of politics, felt vindicated: the break-up of the Soviet Union failed to bring what Yeltsin, Burbulis, Kozyrev and other Russian leaders had expected and promised. The Commonwealth of Independent States indeed turned out to be just a cover for the dissolution of the Union; the forces of domestic and international markets and geopolitics pushed Russia and Ukraine to compete, not integrate. And the old Roman saying *Vae Victis*, "woe to the vanquished," proved to be as prophetically true as ever. The fate of the weak, poor, and defeated was still to run after the chariot of the powerful, wealthy, and victorious—to be accepted or rejected. The European Union and NATO defined structures of power, wealth, and security. The Balts, with their steady determination "to return to Europe," were the only success story among the post-Soviet states. Ukraine, Belarus, Moldova, and Georgia, not to mention Kazakhstan and the republics of Central Asia, remained outside the coveted Western dreamland.

The tension between Yeltsin's insistence on Russia's primacy and the aspirations of the elites in Ukraine and other republics did not go away, and continued to cause further pressures. Outright war between the new states, aside from the Armenian-Azeri conflict, was avoided, yet the immediate flare-up of a Russian-Ukrainian dispute over Crimea, Russian-Baltic tensions, conflicts in Transnistria, Chechnya, Georgia, and Nagorny Karabagh pointed to lasting trouble, not an eternal peace. Ukrainian and Georgian aspirations to align with NATO in order to contain Russia led to Russian claims of a "zone of influence" or "a liberal empire"; it was a vicious circle of mutual insecurity and recriminations. Yeltsin wanted Russia to join NATO, and he supported the idea of a common structure for all Eastern European and post-Soviet states, in which Russia would not be singled out or left behind. Instead, the Clinton administration chose to expand NATO and offer Russia "a partnership" with this alliance. It was essentially the same idea that Burbulis had heard voiced in Brussels in December 1991: Russia is simply too big to fully belong! Washington offered Yeltsin a place in the club of world leaders and many plaudits, provided the Kremlin did no funny business in its neighborhood or on the international scene in general. Most Western scholars later concluded this was the best option—to keep Russia in, while at the same time containing it.[13]

The history of Russia took another turn in 1999, just eight years after the Soviet collapse, when Yeltsin, his health and authority utterly ruined, chose his successor—Vladimir Putin, a young ex-KGB officer who had helped to defeat the junta in 1991. In just a few years, Putin tapped into the vast and deep disil-

lusionment and discontent that the Soviet collapse had generated. Many, who had watched indifferently or with sympathy how the old Soviet state had been dismantled, now wanted to build a strong Russian state, as a guarantor of economic and social stability. Putin had carried out Yeltsin's promise of 1991: "Russia will rise from its knees"—but in a very different way. Yeltsin warned that NATO's enlargement could lead to a new division in Europe; Putin acted on this warning. In 2008, he used military force against Georgia, and in 2014 he annexed Crimea and waged an undeclared war on Ukraine in Donbass.

After those actions, Putin's Russia was dismissed in the West as a declining yet revisionist and dangerous power. Increasingly, Western commentators began to write about an "eternal Russia," a superficial image of a country that had never been European or experienced "true" democracy, remained forever steeped in despotism, and was always hostile to its neighbors. I hope this book demonstrates the falsity of this view. It is not the fault of many Russians that the transition from communism to capitalism has made them yearn for a stable strong statehood and left them rather skeptical about the slogans of freedom and liberal democracy.

The economic calamity and social traumas of the Soviet collapse do not explain, even less justify, what happened many years later. What they point to, however, is the possibility of great reversals and historic surprises ten or twenty years down the road. The Russians have a saying: "history has no subjunctive mood." They mean that what happened, happened. True, but what would have happened if Peter the Great had not reformed Russia back in the eighteenth century? And what if Lenin and the Bolsheviks had not retained power in 1918–21? Without Gorbachev's reforms, the Soviet Union could have scraped by for another decade and then collapsed much more violently than it did. Yet one can also imagine that the Soviet Union would have been reformed in a more conservative way, the one that Andropov had envisaged. There was significant potential for change inside the Soviet elites, including even the Party nomenklatura and the military-industrial complex. The power of money was central and crucial to the behavior of Soviet elites during the last years of the Soviet Union. Had the Kremlin ruler made different choices, to tap into this power, turning the existing elites into stakeholders of the transition, instead of alienating them, even the KGB officers would have supported state capitalism and privatization, just as they later did under Yeltsin and Putin. The Soviet Union could have gradually made its way into the world economy by a process of trial and error, with a nomenklatura-style state capitalism, and certainly with its institutions of power preserved. This is, of course, a completely distasteful scenario for many, especially non-Russian nationalists and Russian liberals. This was what they feared and fought against back in 1991, but only

Gorbachev's penchant for compromise and antipathy to the use of force helped them succeed.

It is much harder to imagine how Gorbachev's scenario of a voluntary Union could have succeeded. Those who criticized that option back in 1990–91 were on the mark: former communist clans in the republics took advantage of a unique opportunity to become "nations," and quickly allied themselves with external powers, who legitimized and protected them from the perceived or real hand of Moscow. Gorbachev's course towards "socialist democracy," the empowerment of national republics, and his hesitancy with regard to full-scale market reform, opened the gateway to economic and political crisis. At the end of Gorbachev's rule, the Soviet Union was on the brink of bankruptcy, the old ruling class was de-legitimized, and the state was in ruins, just like in 1917. The main beneficiaries of this were the Balts, who became independent, but also the Soviet-made elites of Ukraine, Kazakhstan, and other republics.

The human mind cannot envision long-term changes. Who could imagine in 1991 that China, ruled by the Communist Party and virtually isolated after the violent crackdown on Tiananmen Square, would become the second and potentially first economic power in the world? And yet, instead of billions of investments into the post-Soviet space and more jobs for Americans, as President Bush had proposed in his Russia package of 1992, hundreds of billions went into China, and many American workers lost their jobs. A quarter of a century later, Graham Allison, co-author of the Grand Bargain to rescue Gorbachev in 1991, began writing about a global pivot of power in favor of China and an "inevitable" Sino-American contest.[14] Even the Washington Consensus had to be modified, to acknowledge the undeniable success of the Chinese economy.[15] Who could predict in the early 1990s that commentators three decades later would be discussing a new crisis of the global liberal order, the decline of US power, and pervasive Euroskepticism? Few doubt today, however, that the era of widespread faith in an invincible liberal democracy is over. In the last decade, populism has reared its head again to challenge the old order, this time against liberalism, in the American heartland and in Eastern Europe.[16]

Most would indignantly refute any parallels between the Soviet collapse and recent developments in the West. Yet some former Soviets experienced sudden frissons of recognition. In 2008, Western governments had to bail out corporations using people's taxes and even savings, similar to the destructive Soviet policies in 1988–91. When the Nobel laureate Barack Obama, enveloped in lofty rhetoric, got mired in Afghanistan and the Middle East, he elicited comparisons with Gorbachev. The results of the Brexit referendum in 2016 reminded some observers of Gorbachev's referendum in March 1991, a supposed solution that became a huge problem.[17] And Donald Trump's "Make America Great

Again" evoked distant memories of Yeltsin's rhetoric of the victimization of "Russia" by the Soviet "empire." Some older citizens of the former Soviet Union even began to suspect that Western elites, so prudent in the time of the Cold War, no longer knew what they were doing. A reminder of the eras of Brezhnev, Chernenko and late Gorbachev! It may be that the Soviet puzzle is not completely irrelevant after all. History has never been a morality play about the inevitable victory of freedom and democracy. Instead, the world remains what it always was: an arena of struggle between idealism and power, good governance and corruption, the surge of freedom and the need to curb it in times of crisis and emergency.

The ghost of the disappeared Soviet Union does not stalk Europe, Asia, and the world. Yet the puzzle of its sudden disappearance still haunts the imagination of contemporaries, particularly as they see the certainties of the previously triumphant Western liberal order shaking and eroding under their feet. The end of the Soviet Union was a human drama of historic magnitude and epic uncertainty. It cannot be reduced to a footnote in the global narrative of the Cold War's end, decolonization, and liberal capitalism. This amazing story teaches us not to trust in the seeming certainty of continuity and should help us prepare for sudden shocks in the future.