

## Fall of the USSR: Three Perspectives

### ONE: The Soviet Collapse: Grain and Oil<sup>1</sup>

In a simplified way, the story of the collapse of the Soviet Union could be told as a story about grain and oil....The result of the disastrous agriculture policy implemented between the late 1920s and the early 1950s [Stalin's Five Year Plans, whereby farmland was seized by the government] was the sharpest fall of productivity experienced by a major country in the twentieth century....The picture was bleak. Russia, which before World War I was the biggest grain exporter--significantly larger than the United States and Canada--started to be the biggest world importer of grain, more so than Japan and China combined....The Soviet economy thus hinged on its ability to produce and export raw commodities--namely, oil and gas....

Yet one of the Soviet leadership's biggest blunders was to spend a significant amount of additional oil revenues to start the war in Afghanistan. The war radically changed the geopolitical situation in the Middle East. In 1974, Saudi Arabia decided to impose an embargo on oil supplies to the United States. But in 1979 the Saudis became interested in American protection because they understood that the Soviet invasion of Afghanistan was a first step toward--or at least an attempt to gain--control over the Middle Eastern oil fields.

The timeline of the collapse of the Soviet Union can be traced to September 1985. [At that time], the Saudis stopped protecting oil prices [i.e., keeping the prices high].... During the next six months, oil production in Saudi Arabia increased fourfold,<sup>2</sup> while oil prices collapsed by approximately the same amount in real terms.

As a result, the Soviet Union lost approximately \$20 billion per year, money without which the country simply could not survive.... Instead of implementing actual reforms, the Soviet Union started to borrow money from abroad while its international credit rating was still strong. It borrowed heavily from 1985 to 1988, but in 1989 the Soviet economy stalled completely.

When the situation in the Soviet Union is examined from financial and hard currency perspectives, Gorbachev's policies at the time are much easier to comprehend. Government-to-government loans were bound to come with a number of rigid conditions. For instance, if the Soviet military crushed Solidarity Party demonstrations in Warsaw, the Soviet Union would not have received the desperately needed \$100 billion from the West. The Socialist bloc was stable when the Soviet Union had the prerogative to use as much force as necessary to reestablish control, as previously demonstrated in Germany, Hungary, and Czechoslovakia. But in 1989 the Polish elites understood that Soviet tanks would not be used to defend the communist government.

---

<sup>1</sup> The author, Yegor Gaidar, was acting prime minister of Russia between 1991 and 1994. Between 1993 and 2003, Gaidar was a deputy of the Russian State Duma (Parliament). The complete article is entitled *The Soviet Collapse: Grain and Oil*.

<sup>2</sup> The way OPEC functions, is to assign each member-state a quota of oil that it can sell. Saudi Arabia has often sold at below-quota levels. This allows it to greatly influence OPEC policy, as it can significantly increase production and still stay within its quota levels. Saudi production jumped from an average daily production of 2.4 million barrels per day in June 1985, to 6.2 million bpd in August 1986. For the rest of the 1980s, it never fell below 4 million, and went to as much as 6 million, bpd. The price of West Texas Intermediate Crude fell from a high of \$30.81/ba in November 1985, to a low of \$11.58/ba in July 1986. Other types of crude oil fell similarly.

## TWO: Domestic Movements Brought about the Collapse<sup>3</sup>

The first thing to remember about American policy towards the Soviet Union is that we never directly invaded any nation under Soviet control.... Instead, the foreign policy consensus coalesced around containment, an idea which had been in the air since the early post-war period, when George Kennan... argued that the Soviet system contained within it "the seeds of its own decay." During the 1950s and 1960s, containment translated that observation into policy, holding the line against Soviet expansion with U.S. military buildups while quietly advancing a simultaneous program of cultural engagement with citizens and dissidents in countries under the Soviet thumb.

With the rise of the Solidarity movement in Poland in the 1980s, it became clear once more that it would be the demands of native peoples, not military intervention from the West, that would extend democracy's reach eastward. Step by step, the totalitarian governments and structures of the East lost legitimacy in the eyes of their own citizens and elites. The United States and Western Europe were engaged, of course, in assisting these indigenous political movements, both directly, and indirectly. Western labor unions, encouraged by their governments, aided the emergence of a democratic trade union movement, especially in Poland. Western organizations provided training for a generation of human-rights workers. Western broadcast media pumped in culture and political thought, raising popular expectations and undercutting Communist state propaganda. And Western businesses and financial institutions entered the scene, too, ensnaring command economies in Western market pricing and credit practices. The Polish-born Pope John Paul II directed Catholic churches in Eastern Europe and around the world to encourage their congregants to lobby for democracy and liberal freedoms.

Such outreach had profound effects, but only over time.... The first batch of 50 elite exchange students the Soviet Union [was] allowed to the United States in the 1950s. One was Aleksandr Yakovlev, who became a key advocate of *glasnost* under Gorbachev. Another, Oleg Kalugin, wound up as a top KGB official. Kalugin later said: "Exchanges were a Trojan horse for the Soviet Union. They played a tremendous role in the erosion of the Soviet system ... they kept infecting more and more people over the years.'

But this end-game challenge of Reagan's would have been ineffective had 40 years of patient Western containment and engagement not helped undermine the legitimacy of the Communist regime in the eyes of its subjects. It was popular discontent with economic, social, and political progress, and people's recognition of an appealing alternative system, that finished off the repressive regimes of Eastern Europe, and eventually the whole Soviet Union. No Western threat of force or military occupation forced their collapse.... So, when Ronald Reagan called the Soviet Union an "Evil Empire," or stood before crowds in Berlin and proclaimed "Mr. Gorbachev, tear down this wall," he was reaching a receptive audience on the other side of the wall....In fact, it was precisely those decades of containment and cultural engagement that made Reagan's challenge effective.

---

<sup>3</sup> This selection is excerpted from Clark, Wesley K. (2004, May 1). "Broken engagement: the strategy that won the Cold War could help bring democracy to the Middle East--if only the Bush hawks understood it." *The Free Library*. (2004). Gen. Wesley Clark, U.S.A. (Ret.), was Supreme Allied Commander, Europe, from 1997-2000, and a candidate for the Democratic nomination for president in 2004.

### THREE: Reagan Won the Cold War<sup>4</sup>

The Soviet Union didn't fall. It was pushed....The Soviet bear was in a blustery and ravenous mood when Reagan entered the White House. Between 1974 and 1980, it had, through outright invasion or the triumph of its surrogates, brought ten countries into the Communist orbit: South Vietnam, Cambodia, Laos, South Yemen, Angola, Ethiopia, Mozambique, Grenada, Nicaragua, and Afghanistan. Moreover, it had built the most formidable nuclear arsenal in the world, with thousands of multiple-warhead missiles aimed at the United States. The Warsaw Pact had overwhelming superiority over NATO in its conventional forces. Finally, Moscow had recently deployed a new generation of intermediate-range missiles, the giant SS-20s, targeted on European cities.

Yet while the Soviet Union had a faltering economy, it had a highly advanced military. No one doubted that Soviet missiles, if fired at American targets, would cause enormous destruction. But Reagan also knew that the evil empire was spending at least 20 per cent of its gross national product on defense. (The actual proportion turned out to be even higher). Thus Reagan formulated the notion that the West could use the superior economic resources of a free society to outspend Moscow in the arms race, placing intolerable strains on the Soviet regime.

Driven by Ronald Reagan, the United States military doubled its procurement by 1985. Anti-tank weapons neutralized the Soviet armor advantage in Europe.

Then there was the Reagan Doctrine, which involved military and material support for indigenous movements struggling to overthrow Soviet-sponsored tyrannies. The Administration supported such guerrillas in Afghanistan, Cambodia, Angola, and Nicaragua. The Afghan resistance was given Stinger missiles and brought down several hundred Soviet planes, helicopters, and pilots. Stinger missiles also went to the Angolan resistance, UNITA. In addition, it worked with the Vatican and the international wing of the AFL-CIO to keep the Polish trade union Solidarity going, despite a ruthless crackdown by General Jaruzelski's regime<sup>5</sup>. In 1983, U.S. troops invaded and liberated Grenada, ousting the Marxist government and sponsoring free elections. Finally, in March 1983, Reagan announced the Strategic Defense Initiative (SDI), a new program to research and eventually deploy missile defenses which offered the promise, in Reagan's words, of "making nuclear weapons obsolete."

He initiated a \$1.5 trillion military buildup, the largest in American peacetime history, which was aimed at drawing the Soviets into an arms race he was convinced they could not win. He was also determined to lead the Western alliance in deploying 108 Pershing II and 464 Tomahawk cruise missiles in Europe to counter the SS-20s. At the same time, he did not eschew arms-control negotiations. Indeed he suggested that for the first time ever the two superpowers should drastically reduce their nuclear stockpiles. If the Soviets would withdraw their SS-20s, he said, the U.S. would not proceed with the Pershing and cruise deployments. This was called the "zero option."

---

<sup>4</sup> Excerpted and slightly edited from two articles: *Grover Norquist Reviews James Mann's New Book, The Rebellion Of Ronald Reagan*; and *Russian Revolution: How Reagan won the cold war*, by Dinesh D'Souza.

<sup>5</sup> In 1981, Jaruzelski declared martial law, and remained Prime Minister until 1989, when he resigned. In 1990, he resigned as Prime Minister, and in 1991, from the military as well.