Recent Studies on the 1989 Revolutions in Eastern Europe and on the Demise of the Soviet Union

OL′GA PAVLENKO
AND PETER RUGGENTHALER

Martin Sabrow, ed., *1989 und die Rolle der Gewalt* [*1989 and the Role of Force*] (Göttingen: Wallstein, 2012), 428 pp. (pb), £24.28, ISBN 978-3-8353-1059-9.

Andreas Oplatka, *Der erste Riß in der Mauer: September 1989 – Ungarn öffnet die Grenze* [*The First Crack in the Wall: September 1989 – Hungary Opens its Borders*] (Vienna: Zsolnay, 2009), 303 pp. (hb), £13.52, ISBN 978-3-552-05459-2.

Mikhail Polynov, *Istoricheskie predposylki perestroiki v SSSR: Vtoraya polovina 1940 – pervaya polovina 1980-kh gg.* [*Historical Preconditions for Perestroika in the USSR: From the Second Half of the 1940s to the First Half of the 1980s*] (St Petersburg: Aleteya, 2012). 512 pp. (hb), 350 Rb/£60.34, ISBN 978-5-91419-435-9.

Roman Kirsanov, *Novoe myshlenie v bankovskoi sisteme SSSR* [*New Thinking in the Banking System of the USSR*] (Moscow: IP Kashirin V. V., 2011) 200 pp. (hb), 250 Rb/$24, ISBN 978-5-9902011-2-5.

Why did the Soviet Union disintegrate? What made the 1989 revolutions in 'Eastern Europe' possible and why were they not crushed? What appeared as the logical consequence of Gorbachev's perestroika to many observers at the time – and has indeed been painted as such by quite a few historians – turns out on closer inspection to have been far more complex.

Ol′ga Pavlenko, Russian State University for the Humanities, Moscow, Faculty of International Relations and Area Studies, Miusskaya pl. 6, 125993 Moscow, Russia; olgapavlenko@mail.ru and Peter Ruggenthaler, Ludwig Boltzmann-Institut für Kriegsfolgen-Forschung, Schörgelgasse 43, 8010 Graz, Austria; peter.ruggenthaler@bik.ac.at

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The twists and turns of the most recent political developments have made a number of primary sources accessible over the last few years. This allows historians to begin to analyse these ruptures, a process that must normally wait until a much longer time has elapsed. In addition to British[1] and German sources, archival holdings in the United States have become accessible early on. Paradoxically enough, the source situation for this period is different in Eastern Europe because it was only in rare cases that a thirty-year moratorium was imposed on access to the archives after the demise of Communist rule; there is no overall rule that was observed in different countries. In Soviet archives, too, sources are far more accessible than one would suppose.[2]

The intervening years have produced countless publications about the end of Communist rule in Eastern Europe, the disintegration of the Soviet Union and the final phase of the cold war in Europe. However, when the criterion of source orientation is applied, relatively few of these stand out: chief among them are the studies by Harvard's Mark Kramer on diverse aspects of the decline of the Soviet hegemonic empire.[3] Valuable work on the German question has come from Hanns Jürgen Küsters[4] and the fall of the Berlin Wall has been dealt with in an exemplary manner by Hans-Hermann Hertle.[5] There are also a number of authoritative studies on the collapse of Communist rule in Eastern Europe.[6]

Soviet hegemonic rule of Eastern Europe over the entire time span of the cold war was marked by the fact that it was maintained by force and terror.[7] All kinds of popular uprisings and/or 'revolts' (as in 1953, 1956, 1968, 1970, etc.) were bloodily suppressed. It is therefore all the more necessary to raise the question of how it was possible for the 1989 revolutions to break out in the face of Communist power in Eastern Europe and/or why no real effort was made to give these systems one more shot in the arm. The volume edited by Martin Sabrow is devoted to these questions.

In his paper on the fall of Wall, which, incidentally, marks a climax in this volume, Martin Sabrow describes that event as the result of a – by now familiar – process triggered by three main ingredients: chance, misunderstanding and a total lack of

[1] Patrick Salmon, Keith Hamilton and Stephen Twigge, eds, *German Unification 1989–90: Documents on British Policy Overseas*, Ser. 3. Vol. 7 (Abingdon: Routledge 2010).

[2] This is owed above all to the Gorbachev Foundation which has already published a great number of documents, most recently the very substantial book by Svetlana Savranskaya, Thomas Blanton and Vladislav Zubok, eds, *Masterpieces of History: The Peaceful End of the Cold War in Europe, 1989* (Budapest: CEU Press 2010).

[3] To name only one substantive paper: Mark Kramer, 'The Demise of the Soviet Bloc', *Europe-Asia Studies*, 63, 9 (2011), 1535–90.

[4] Hanns Jürgen Küsters, ed., *Dokumente zur Deutschlandpolitik: Deutsche Einheit: Sonderedition aus den Akten des Bundeskanzleramtes 1989/90* (Munich: Oldenbourg 1998).

[5] Hans-Hermann Hertle, ed., *Mauerbau und Mauerfall: Ursachen – Verlauf – Auswirkungen* (Berlin: Links, 2002); and 'The Fall of the Wall: The Unintended Self-Dissolution of East Germany's Ruling Regime', *Cold War International History Project Bulletin*, 12–13 (2001), 131–40.

[6] Mark Kramer, 'The Collapse of East European Communism and the Repercussions within the Soviet Union', *Journal of Cold War Studies*, 5, 4 (2003), 178–256; 6, 4 (2004), 3–65; 7, 1 (2005), 3–96. For specific countries see the works cited below.

[7] Mark Kramer, 'Ideology and the Cold War', *Review of International Studies*, 25 (1999), 539–76, here 547–53.

co-ordination. The key question Sabrow asks is why force was not used in the German Democratic Republic (GDR) in view of the fact that everything had been put in place for precisely such a development. He draws an eminently plausible picture in which four mutually independent movements fused and erupted in the East German revolution: would-be emigrants, demonstrators, opponents of the regime and reformers within the party. This contradicts the thesis advanced by some historians that the revolution was preceded by a purposive-rational agreement to engage in a non-violent struggle for power. In Sabrow's view, the Soviet Union's withdrawal of its guarantee of assistance to the GDR is insufficient as the only reason to account for the East German regime's renunciation of the use of force. Nor is it entirely clear that such a guarantee was not in force right to the last since it was presumably reaffirmed on the occasion of Egon Krenz's visit to Moscow on 1 November 1989. What else, after all, was Mikhail Gorbachev supposed to say to Krenz? While preserving the status quo in the GDR was one of the Soviet Union's vital interests, the question remained of what price it was prepared to pay for it. These are aspects that Sabrow only touches upon – presumably because they would have called for a digression beyond the narrowly defined scope of book – and the same is true of how Moscow's guarantee of assistance was perceived in East Berlin during the autumn of 1989. Was it not the case that the steady erosion to which Moscow subjected the Brezhnev doctrine made any guarantee it was prepared to underwrite illusory? And might not the leaders of the East German Communist Party (Sozialistische Einheitspartei Deutschlands, SED) have been acutely aware of this? These are questions that still await closely argued – and closely documented – answers. And the paralysis of the SED leaders that Sabrow addresses from this point onward – might it not have arisen from their awareness of the illusory character of Moscow's guarantee of assistance? In Sabrow's view, this paralysis, compounded by the fact that Honecker was sidelined for health reasons, is a plausible enough reason for the regime's renunciation of force. Having welcomed the suppression of demonstrations in Tiananmen Square, the SED was nevertheless unable to play the 'Chinese card', given the 'exorbitant price', as Bernd Schäfer argues in his chapter, that this would have exacted in the fields of foreign policy and the economy. In Jens Gieseke's interpretation of the Stasi's inactivity, the latter was due to structural incapacity rather than to a momentary lapse. In Sabrow's view, there were three reasons for this: 1) an unprecedented surge in activism hastened the advent of the final crisis. The motto 'No force' undercut the reaction threshold. Demonstrators – as opposed to those who turned their backs on the regime in a mass exodus – were careful not to repeat the mistakes of 1953 by calling the GDR and socialism itself into question; 2) the major role of peace prayers organised by the Church; 3) in what amounted to a sea change, the use of force was no longer considered to be acceptable, a development Sabrow credits to the spread of 'civility' in the Western world after the end of the Second World War.

In his chapter on Poland, Włodzimierz Borodziej rightly points out that it was the Polish Communist Party leaders' massive experience with the use of force in the suppression of oppositional and protest movements (1956, 1970, 1976) that made them realise that force was not a suitable means for defusing crises. In 1988 they

conceded that the Communist Party's policy could no longer confine itself to the automatic imprisonment and release of opponents. He provides a teleological sketch of the path to the Round Table (where, in addition to Solidarność, invitees included representatives of the Catholic Church and other civil society groups), to voluntary partial handover of power by the Communists and negotiated regime change. With the option of the use of force remaining a distinct possibility even after the Round Table, the frustrated Communist Party leaders nevertheless preferred to opt for sharing power with the opposition. Even 'hawks' had been aware, according to Borodziej, that another proclamation of martial law was out of step with societal developments and that the use of excessive force could easily backfire. The factor of the Soviet Union as hegemonic power is altogether left out of consideration by Borodziej. This makes the Polish powerbrokers appear to have been in charge of a nearly autonomous Communist Party dictatorship. Eschewing all chances to throw light on interactions within the Socialist bloc, the author does not make use of this opportunity for a more incisive analysis.[8]

The same is true of the chapter on Czechoslovakia. Michal Pullmann describes the Velvet Revolution in Prague as the result of a massive popular uprising against state sponsored violence. External influences, such as the changes occurring in Hungary and Poland and the issue of the GDR refugees in Czechoslovakia and the repercussions in Czechoslovak society caused by their presence, are conceded only marginal significance. In his view, the so-called 'normalisation' (i.e. the consolidation of Communist rule after the suppression of the 'Prague Spring' in 1968), had succeeded in branding the opposition as a 'force harmful to Socialism', single-mindedly bent on 'advancing their own agenda at the expense and to the detriment of society as a whole'. Most citizens allegedly came out in support of the Communist Party's policy. What is left out of consideration here is the extent to which in the 1970s and 1980s general passive opposition toward the political process and especially toward those in power was spreading and/or sinking in. Pullmann furthermore sees the ČSSR's power apparatus as a monolithic block. That in the run-up to Gorbachev's visit to Czechoslovakia in April 1987 the prime minister, Lubomír Štrougal, excoriated those whose ostensible zeal for perestroika-style reform only served to cloak their determination to hold on to power and referred to the many Czechoslovaks who were hoping for a movement in the spirit of the 'Prague Spring' is left unmentioned.[9] In Pullmann's eyes, it was only when the state resorted to brutality in its suppression of demonstrations in January 1989 that a revolutionary momentum was generated. This was followed by the opposition turning up the heat with its promotion of human rights but even this was not yet enough to incite a mass movement. However,

[8] Even more informative in many respects is Anthony Kemp-Welch, *Poland under Communism: A Cold War History* (Cambridge: Cambridge University Press 2008).

[9] See also the incisive analyses by Oldřich Tůma, most recently Oldřich Tůma, 'Der Fall des kommunistischen Regimes in der Tschechoslowakei', in Gernot Heiss, Katerina Králová, Jiri Pešek and Oliver Rathkolb, eds, *Tschechien und Österreich nach dem Ende des Kalten Krieges: Auf getrennten Wegen ins neue Europa* (Ústí nad Labem: Albis International 2009); Beata Blehova, *Der Fall des Kommunismus in der Tschechoslowakei* (Berlin: LIT, 2006).

the deployment of troops against demonstrators on 17 November 1989 started an avalanche and spelt the beginning of the end for Communist rule.

Bulgaria's transformation process took an entirely different path. Stefan Troebst rightly underscores Bulgaria's special place within the Eastern bloc, conceded to the country on the basis of its historic ties with Russia, the power that had helped it shake off the 'Ottoman yoke'. In the 1980s, the Bulgarian Communist Party under Todor Zhivkov was pursuing a pronounced nationalist course aiming at the complete marginalisation of Bulgaria's Turkish minority and at its enforced assimilation. Zhivkov's repressive regime made the emergence of an opposition all but impossible and dissidents were few and far between. The process of Bulgaria's ongoing 'rebirth' after its subjugation by the Turks was endorsed by the majority of Bulgars but it did not have Gorbachev's backing. Opposition groups that did emerge, such as the 'Discussion Club for Support of Glasnost and Perestroika', were largely the result of an ecologically oriented backlash against the horrendous damage wrought by Bulgaria's mining, chemical and metal industries. The Turks remained the dominant issue on the political agenda. The mass exodus of hundreds of thousands to Turkey up until August 1989 caused serious economic problems, above all in agriculture, and exacerbated existing tensions. This was the backdrop for the palace revolution that toppled Zhivkov after thirty-five years as leader of the Communist Party.[10] Independently of and uninfluenced by the – unintended – simultaneous opening of the Berlin Wall, Petăr Mladenov, having obtained Moscow's approval, pressured his master to resign, a step Zhivkov took on 10 November 1989. Mladenov's initial goal, according to Troebst, was Bulgaria's realignment with Moscow. His next step, however, was the abolition of the Communist Party's monopoly on power. The Bulgarian Communists were among the few East Europeans who had, however reluctantly, recognised the direction the wind was blowing and reacted by unblocking the path to free elections. Becoming post-communists en route and calling themselves socialists, they won the elections in summer 1990, something previously unheard of, and they won with an absolute majority. They even allowed free rein to the mass protests that followed. The key issue was how to accommodate the representatives of the Turkish party, who now held the balance of power. This gave them an important role in Bulgaria's transformation, the result, as Troebst puts it, of 'centuries of interethnic harmony', in contrast to Yugoslavia, and at the same time one of 'history's ironies and, for once, not a bitter one'.

Romania was a special case among the countries in the Eastern bloc in more ways than one. In 1989, the year of revolutions, the country broke ranks. It resorted to violence on a scale that prompted US Secretary of State James Baker on 24 December 1989 to come out in favour of the country's invasion by Warsaw Pact troops to stop repression against Romania's revolutionaries. To this day, there is no consensus among historians about the precise events in Romania in late 1989. The

[10] See the numerous seminal works by Iskra Baeva, e.g. Iskra Baeva, 'The Year of the "Palace Coup" or a New Start in Bulgarian History', in Peter Bachmaier, ed., *Der Transformationsprozess in Bulgarien und der Weg in die EU* (Vienna: Ostag 2006).

removal of a Hungarian priest triggered protests against Nicolae Ceauşescu's 'quasi-Stalinist monarchy with its unprecedented personality cult', notes Peter Ulrich Weiß, the author of the chapter on Romania. Ceauşescu did not hesitate to use force but the greater part of the toll of more than 1,100 casualties did not occur until after his execution. It is still unclear who was responsible for these. Was the civil war like the regime change in favour of the politically well-connected Ion Iliescu a fake revolution aided and abetted by the media? Was it a genuine coup? Iliescu initially embarked on a course that seemed to speak the language of change – appointment of the National Salvation Front Council, endorsement of perestroika – in marked contrast to his deposed predecessor, who had vehemently called for a Warsaw Pact intervention after the elections in Poland – and other exercises in democratic window dressing. These pronouncements were shown up for what they were worth in June 1990, when the Iliescu clan arranged for fanaticised Romanian miners to be trucked to Bucharest, where they battered the nascent opposition. The anti-Communist resistance against Iliescu was bloodily suppressed and the West turned its back on Romania. In the absence of new source material it is difficult for Weiß's explanatory models to gain traction.[11] What is more rewarding is his contextualisation of events in Romania in 1990, whose impact was in any case far greater. One of the issue that still awaits analysis is the role played by the Soviet Union in the initial phases of the Romanian transformation process after Ceauşescu's overthrow, even if it is plausible that Gorbachev's new foreign policy insisted on non-intervention even in emergency situations such as that in Romania. Declassified Soviet files show Gorbachev's persistent 'nyet' to the proposal that the Soviet Army invade Romania – even after the outbreak of unrest when it would have been a question of calming the situation down and shielding the revolutionaries.[12]

Did Soviet acceptance of internal political change in East European countries automatically translate into a contraction of the Soviet sphere of influence? Hardly. While from a certain point onward Gorbachev endorsed the democratisation of the Socialist camp in a way reminiscent of 'Socialism with a human face', he baulked at a change in global balance,[13] a point where he could count on the support of a great number of leading Western politicians. These could not always be relied upon to take a friendly view of the 'drive for independence' in Eastern Europe, no matter how much they asserted the opposite in public. The Hungarians' aspirations to neutrality for instance were given very short shrift. The security system that was in place in Europe with its strategic balance of Warsaw Pact on the one hand and NATO on the other was not to be jeopardised. As a pillar of stability it had to be preserved almost at any cost, not least for the sake of Gorbachev's position in the Kremlin.

1989 und die Rolle der Gewalt, excellent as it is in many respects, leaves out Hungary and it might be argued that no account of 1989 as the year of revolutions that

[11] Essential reading on Romania: Peter Siani-Davis, *The Romanian Revolution of December 1989* (Ithaca, NY: Cornell University Press 2005); Dennis Deletant, *Romania under Communist rule* (Iaşi: Center for Romanian Studies 1999).

[12] Kramer, 'The Demise of the Soviet Bloc', 1586.

[13] Ibid. 1584–87.

does not include Hungary can be considered complete;[14] at least select aspects of developments in Hungary must be included. This is vividly brought home by the Swiss-Hungarian historian Andreas Oplatka in *Der erste Riß in der Mauer: September 1989 – Ungarn öffnet die Grenze*, a detailed, meticulously researched account of the dismantling of the Hungarian section of the Iron Curtain. Making full use of all available sources, memoirs and interviews, Oplatka succeeds in exploding a number of myths that are in circulation particularly in Hungary itself and in apportioning to Hungary's politicians their share in events, with the largest such share apparently belonging to Prime Minister Miklos Németh.

Hungary had already lifted the 'Iron Curtain' for its citizens in early 1988 by issuing a global passport. Far from opening the floodgates for a mass exodus, this measure hardly made any difference for Hungarian holidaymakers, who returned home after their trips to the West. The effectiveness of the technologically obsolete Iron Curtain had been called into question as early as 1987 by Hungarian politicians in their internal discussions. Furthermore, there was the financial burden of up to US$900,000 annually imposed by maintenance of the border fortifications. For a long time these considerations were kept painstakingly secret from the 'fraternal' countries. On top of all this, the Hungarian leaders were aware at all times of how fine the line was that they were treading between encouraging reform and provoking Moscow's disapproval. An excellent case in point is Oplatka's treatment of Hungary's accession to the United Nations Refugee Convention. Its obligations were subsequently put by Hungary above those resulting from the country's membership in the Warsaw Pact and served as an excellent argument for the refusal to hand over Romanian refugees to the Ceauşescu regime.

Dismantling the Iron Curtain was not a once-off momentous event but a long drawn-out process. When Németh told Austria's Chancellor Franz Vranitzky on 13 February 1989 that Hungary was about to remove the border fortifications, the latter is alleged to have shown little enthusiasm and to have wondered whether this did not take 'reform euphoria' too far. The symbolic and media appropriate mise-en-scène of dismantling the Iron Curtain by Hungary's and Austria's foreign ministers, Gyula Horn and Alois Mock, in late June 1989 took place at a time when hardly any of it was still left. Not that this event was purely symbolic. In summer 1989 no one could be sure how far the reforms of the Eastern bloc would go or would be allowed to go. The dismantling of this stretch of the Iron Curtain had arguably been preceded by well-informed diplomatic soul-searching both on the Hungarian and the Austrian side. Mock explicitly quoted Gorbachev on the common European home to reassure the Hungarians. How much they were in need of such reassurances became clear

[14] Essential reading on Hungary: Csaba Békés and Melinda Kalmár, 'The Political Transition in Hungary, 1989–90', *Cold War International History Bulletin* 12–13 (Fall–Winter, 2001); Csaba Békés, 'Back to Europe: The International Context of the Political Transition in Hungary, 1988–1990', in Andras Bozóki, ed., *The Roundtable Talks of 1989: The Genesis of Hungarian Democracy* (Budapest: CEU Press 2002), 237–72.

when recriminations started to pour in, most notably at the July meeting of the Warsaw Pact in Romania.

Oplatka describes in detail the tug-of-war surrounding GDR 'holidaymakers' who refused to go back to East Germany, and the 'Pan-European Picnic' and how this was used by Hungarian politicians to let the GDR holidaymakers escape to the West.

The right of self-determination seemed to extend all the way to the brink of a collapse of the whole Socialist empire. Throwing the hardliners' warnings temporarily to the wind, Gorbachev let things develop at their own pace.

What source-oriented studies reveal more and more clearly is that the disintegration of the Soviet bloc and the fall of the Wall were by no means inevitable.[15] The Kremlin would have been able to 'assist' the orthodox regimes. While developments in Eastern Europe undoubtedly contributed to the disintegration of the Soviet Union it is by no means clear that they necessarily spelt the end of the Soviet empire and, by extension, of the Soviet Union itself. What then was the last straw that broke the Soviet Union's back?

Despite considerable public and scholarly interest in Mikhail Gorbachev's personality, his perestroika policy and the 'new political thinking' propagated by him, the mechanism of the disintegration of the USSR and of the Eastern bloc has remained a bone of contention especially for Russian historians. Adherents of conspiracy theories have been pursuing an 'American lead' in these developments, which changed Soviet society and the system of global Communism from inside. While it is accepted in present-day serious historiography that an 'American factor' was involved in the destabilisation of the USSR in the mid 1980s, much more attention is devoted to the interplay of internal forces that led first to the crises of the Soviet model and then to its demise.

Focusing analysis of the reasons for the disintegration of the USSR on the context of the geopolitical East–West confrontation was a much pursued line of enquiry in the past, justified by the fact that relations had deteriorated drastically during the 1970s and 1980s. However, behind the facade of this geopolitical confrontation, in which the USSR was hard pressed to keep up and could only do so by mustering all its economic resources, complex internal processes were developing and it was these that spelt the end for the state. It is only when these are sufficiently understood that it becomes possible to analyse perestroika, the Gorbachev phenomenon and the nature of the reforms now associated with his name.

Over the last decade a new tendency has emerged in Russian historiography. The focus has gradually shifted from geopolitics and ideology to the economy. Both Gorbachev's domestic and foreign policy initiatives are now being viewed through a variety of economic prisms. This about-turn has been made possible by the publication of countless memoirs, diaries and other personal testimonies written by former members of Gorbachev's think tanks, by other allies and by opponents. The last decade has also seen the publication of ambitious studies aiming to reconstruct the USSR's process of disintegration. This feat demands that historians abandon the

[15] Kramer, 'The Demise of the Soviet Bloc', 1586–7.

limited structural approach and concentrate as comprehensively as possible on the host of factors and contributory factors relevant to the dynamics of change in Soviet society and to trace their interplay on the micro, meso and macro levels.

A case in point for this approach is *Istoricheskie predposylki perestroiki v SSSR: Vtoraya polovina 1940 – pervaya polovina 1980-kh gg.* [*Historical Preconditions for Perestroika in the USSR: From the Second Half of the 1940s to the First Half of the 1980s*] by Mikhail Polynov. Polynov is far too realistic to claim that he has provided an exhaustive answer to the question of what caused disintegration but his analysis of Soviet reality from the second half of the 1940s to the perestroika era is ambitious and highly rewarding. The book is divided into thematic subsections dealing with preconditions for perestroika under geopolitical, economic, demographic, socio-cultural and national headings. Polynov devotes ample space to Gorbachev's rise, the cadre policy in the diverse party structures and Gorbachev's personal relations with the members of the Politburo. Most studies of the party apparatus of the time emphasise how Gorbachev, as an experienced, energetic and resourceful player, was consistently able to hold his own in competing with members of the established Soviet elites. His political instinct enabled him to keep his position in the Politburo's complex confrontation scenario flexible – initially between Leonid Brezhnev and Aleksei Kosygin and then between Yurii Andropov and Konstantin Chernenko. Gorbachev's appointment to the post of Secretary General of the CPSU in 1985 put him in a position to oust the most influential members from the Politburo and to replace them with his own people. On top of this, he got rid of more than 60% of Brezhnev's party elite both in Moscow and in the republics. These 'cadre themes' are no novelty in Russian historiography and what Polynov offers here is basically a summary of already well-known theses. Where he is truly original is in his analysis of a number of memoirs by top-ranking party functionaries, leading to an important conclusion regarding the foreign policy of the USSR. By ousting Andrei Gromyko, the USSR's long-serving foreign minister, a diplomat battle-hardened in countless cold war skirmishes, and appointing in his place the Georgian KGB boss Eduard Shevardnadze, who was a newcomer in the sphere of foreign policy, Gorbachev signalled unmistakably to everyone that he was going to put himself in charge of foreign policy. This meant the end of a long-standing Soviet tradition that put foreign policy into the hands of three members of the Politburo – the ministers of foreign affairs and of defence and the boss of the KGB. In this way Gorbachev uncluttered the system by breaking the stranglehold of established power blocs and took responsibility himself for foreign policy.

Polynov deals in detail with Gorbachev's foreign policy achievements, the new quality of Soviet–American relations and détente. Following Russian academic usage, Polynov structures his subject matter as thematically distinct blocks – foreign policy, the nationality problem, society, etc. All these themes have played important roles in previous attempts at understanding perestroika. What is new in Polynov's treatment is the emphasis, which is squarely on the economy, not only in the chapter expressly devoted to it but throughout. Economic considerations are all pervasive.

The 'economic turn' is also omnipresent in *Novoe myshlenie v bankovskoi sisteme SSSR* [*New Thinking in the Banking System of the USSR*] by Roman Kirsanov, which differs from Polynov's study chiefly in style and analytical methods. Many important sources from the holdings of the Russian State Economic Archive (RGAE) are here made accessible and evaluated for the first time. Kirsanov focuses on financial aspects of perestroika. Qualitative empirical data provide a sound basis for his conclusions. It is remarkable that Polynov and Kirsanov arrive at similar conclusions even though their starting points in terms of source basis and scholarly literature are totally different. Both see perestroika as the result of the Soviet government becoming belatedly aware of the USSR's looming economic, political and social crisis. It thus emerges as an attempt to give the underlying Soviet model a shot in the arm. On the basis of the statistical yearbooks *National Economy in the USSR* Polynov concludes that industry and agriculture had entered into a slow but irreversible decline between 1970 and the 1980s. The Soviet model of mobilisation with its centralised mechanism for the distribution of resources was too cumbersome to adapt to the need for innovation and to allow for the flexibility that was required to cope with the challenges of a post-industrial world. Kirsanov shows that the national budget deficit was already so significant in the 1970s that it could only be veiled by substantially increasing the money supply and by imaginative accounting. Negative returns on capital investment, the slowing rate of the reflux of money, the accumulation of losses in production, generally low productivity and a constant drain on the coffers of the state had been characteristic of the Soviet economy since the 1970s. Analysis of economic data leads Kirsanov to the conclusion that official statistics were very far from reflecting the real situation in the country. According to official data, retail prices rose by eight % between 1970 and 1985; the actual rise was 35%. Polynov and Kirsanov agree that the political elite had only a sketchy knowledge of the USSR's real economic situation and next to no clue about inflationary processes or the true state of the budget. The statistical central office of the USSR used indices that were in line with the data provided by annual planning and did not reflect the rise in wholesale and retail prices. The two authors also agree that the economic resources of the Soviet state were exhausted.

Another significant drain on the national budget were the loans granted to 'fraternal' countries within the Soviet bloc. In 1971 11.7 billion roubles were allocated to this in the national budget; by 1986 this had risen to 62 billion roubles. According to Polynov, provisioning Poland alone cost the USSR an annual 3 to 4 billion roubles in the early 1980s. The Soviet share in the Warsaw Pact's military expenditure was 90%. In the 1980s the USSR committed itself through bilateral contracts to economic and technological co-operation with more than eighty states where it was to play the role of financier for small to large-scale projects. Investment loans within Comecon were granted for ten to fifteen years, on occasion even for twenty-five to thirty years, at 2 to 3% interest; conditions were even more favourable for credit periods of two to three years. When the cost of the war in Afghanistan is factored in, the USSR's deficit grew by 10 to 11 million roubles a day.

Both studies share the premise that when Gorbachev took office he inherited a Soviet system suffering from a deep, practically intractable financial and economic

crisis. The term 'perestroika' itself arose from the search for ways to modernise the economy. On the basis of economic data Kirsanov demonstrates convincingly that there were two stages in the development of perestroika. Initially, in 1985–86, Gorbachev still believed that there was enough potential in the Socialist model and that what was needed was a thorough makeover that could be achieved by administrative measures. The 'market' as a reform concept was still taboo and no one dared call state planning into question. Major setbacks (the anti-alcohol campaign; projects for speeding up development in mechanical engineering, etc.) punched further holes in the budget and forced the government to switch to a new policy that took the laws of the market into account. In this second phase of perestroika (1987–90), Gorbachev and his camp tried to bring a Soviet model of democratic socialism to the economy. This comprehensive project of the remodelling (*perestroika*) of society and state led to a process of disintegration that took place largely below the surface and was impossible to control. This periodisation coincides with the phases of social radicalisation in the country's urban centres and in the Union Republics. Anatolii Chernyaev, Gorbachev's most influential adviser, has also underlined the importance of the year 1987 as a turning point in perestroika policy.

Frequently aired questions in studies on perestroika concern its ineffectiveness. Why did it prove impossible for Gorbachev to democratise society and to liberalise the Soviet market? How is Gorbachev's ineffectiveness to be accounted for? Most authors' answers resemble those given by Kirsanov and Polynov, who claim that Gorbachev's action plan lacked definition. Tragically, they say, the large-scale reform project associated with perestroika was begun without a clear elucidation of its aims and of the tasks it involved. It remained unclear what form society was headed for and what parameters it was supposed to meet, and there were no criteria by which the effectiveness of the reforms could be assessed. The result was a huge gap between the goals that were envisaged for societal reform and the strategies and methods with which those goals were to be implemented. This problem affected the USSR's leadership, which soon split into conflicting parties, the centre of the Union on one hand and the Union's republics on the other. This problem was compounded by the impact of the 'human factor' on the reform process. In Gorbachev's view, perestroika was bound to unleash the Soviet peoples' long pent-up initiative, enthusiasm, rationality and creativity. But for the population at large perestroika was another top-down project conceived by the powers that be and they remained unable to shake off the rigidity that continued to shackle public life.

What is missing from Polynov's analysis are 'objective factors' such as the inclement climate, the country's vast dimensions and the inferior quality of its soil – soil in India is three times and in the United States twice as good. However, the weight of these factors, which is acknowledged by leading Russian economists such as S. Glaz′eva, A. Parsheva, and V. Ryazanova, is put into perspective by the fact that Tsarist Russia was one of the world's leading grain exporters.

From 1989 onward such terms as 'crisis', 'exceptional situation' and 'state of emergency' found their way into the discourse on perestroika. Ever greater amounts of currency were issued, the gap between people's earnings and the cost of living

became bigger and bigger, inflation span out of control. Shortages of foodstuffs and consumer goods followed. The population lost confidence in the currency and in the state's ability to guarantee at least basic provision. This resulted in an explosive growth of the shadow economy and of speculative deals and in a boom in the illegal production of goods and in the illegal service sector.

In Polynov's and Kirsanov's view, it was the shadow economy that undermined Gorbachev's project of a democratic reform of society and state. The role of the shadow economy in the final phase of the USSR has attracted the attention of leading Russian economists such as Ya. R. Tereshchenko, O. Osipenko and A. Gurov since the first post-Soviet decade. According to Polynov, the 'teneviki', the exponents of the shadow economy, controlled as much as a quarter of the national income of the USSR in the early 1980s. The 'teneviki' were organised in networks that linked key cities such as Baku, Yerevan, Tbilisi, Sukhumi and Rostov-on-Don to Moscow. During the time Gorbachev was in office, the structures of the shadow economy melded with the state apparatus. Weakened state control was incapable of stopping the creeping redistribution of national revenue that came to be dominated increasingly by organised crime.

Both authors insist that in spite of its total failure to reform the system Gorbachev's policy nevertheless charted the outlines for Russia's potential future and laid the foundations for a modern banking system and a modern energy-led economy and industry.