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The Statesman and the Great Transformation

There is always a future ahead of us, which is essentially uncertain and entangled in various risks. The future is not deterministic and is rarely a simple continuation of the past. We are always dealing with the dialectic of continuity and change, with the area of uncertainty and the scale of risk growing during the great political and economic reforms undertaken to create conditions for a better life. This was also the case a third of a century ago in the Soviet Union and in many neighbouring countries.

In the political activity, it is important to demonstrate not only courage and great determination – which Mikhail S. Gorbachev certainly did not lack – but also imagination as to the possible directions of evolution of the processes that are being triggered and launched, which may get out of control and take a quite different route than intended. Gorbachev wanted to neither move away from socialism nor liquidate the Soviet Union. He wanted to save socialism. His intention was to give the Soviet system a ‘human face’ so that the system would be based on public support and not on the strength of the state and suppression of citizens. These objectives were to be served by political reforms in the form of *glasnost* and economic change known as *perestroika*. They were so groundbreaking that since the launch in 1957 of the first artificial Earth satellite, the Sputnik, only these two words have taken full rights in many languages of the world, starting with English. Although we do know that they mean, respectively, transparency and restructuring, we do not translate them, because thanks to Gorbachev, they speak for themselves.

From *ex post* perspective, we must agree with Gorbachev that he did much of what was possible in the political realities of those times. Unfortunately, he did not manage to avoid serious mistakes, especially of

economic nature, too (Nutti 2018). However, leaving the Soviet and Russian transformations aside for a moment, it must be emphasized that he did make a memorable contribution to the geopolitical arena at the time, ending the harmful Cold War with the West. The Berlin Wall would have stood a little longer if it had not been for the Polish Round Table, but certainly, it would have stood much longer if it had not been for the bold decisions of Gorbachev.

On the thirtieth anniversary of what was essentially a *coup d'état* and an attempt to overthrow Gorbachev as a Soviet leader, he made a retrospective of his achievements and failures during his time at the top of the Soviet government. He pays far more attention to the political than to the economic aspects, which is not surprising, since in the former field his achievements have been far greater and, in some respects, even outstanding, while in the economic sphere the results of the reforms have been far from satisfactory. The initiator of *perestroika* draws a dismal picture of the socio-economic situation at the time of taking power in this country of the “advanced socialist society” (Rus. *развитое социалистическое общество*): “Our country was sinking ever more deeply into stagnation. The economy was, for all intents and purposes, at a standstill (...) We were fully aware that the economy of ‘real socialism’, as the system was labelled in Leonid Brezhnev’s time, was in shambles and that the country was moving inexorably into a crisis. In the early 1980s, economic growth was at a standstill and the standard of living was frozen at an already low point. In terms of real income per capita, the USSR was far behind the developed countries of the West. The country’s finances were in disarray. The economy was plagued with imbalances and shortages. Not only food products and manufactured goods, but even commodities like metals and fuel, which we produced in enormous quantities, were in short supply.” (Gorbachev 2021). Unfortunately, in 1991, when this great reformer was removed from power, the state of the economy was by no means better, and in many respects even worse.

In particular, the emerging modest effects of the reforms were being eaten up by the increasingly accelerating inflation. Moreover, this was still in a situation that was far from full elimination of shortages, which of course required the deregulation of prices, but which also inevitably resulted in strong inflationary impulses (Kolodko 2000). According to the estimates of the European Commission, with the disposable income of the population in 1985 at 371.1 billion old roubles, the forced, or involuntary savings amounted to 4.1 billion, i.e. only 1.1 percent of total savings, to reach as much as 20.4 percent in 1990 (EC 1990). There was a liberalisation and stabilisation programme called “500 days: Transition to Market” by Grigory Yavlinsky, later also published in English (Yavlinsky *et. al.* 1991) popular back then. When I returned from a study visit to Moscow in November that year, I organised a seminar at the Warsaw Institute of Finance, of which I was director, entitled “500 days to hyperinflation”. So it happened... Prices in January 1992 were 245 percent higher than in January 1991, and for all of 1992, the inflation rate exceeded 2500 percent (Russia 1992).

Gorbachev justifies the *de facto* failure of the economic *perestroika* by the incredible resistance of the matter. Indeed, this resistance was greater in the Soviet Union than in the countries of Central and Eastern Europe, but it was quite considerable in China, as well. The Soviet leader’s reforms, unlike the changes pushed through by Deng Xiaoping, were too shallow to shift arms production to civilian use and heavy industries to light industries quickly and effectively enough; they did not go far enough to radically increase production and the supply of consumer goods to the market, as the Chinese managed to do while effectively controlling the rate of price increases. Let us add that Poland managed to overcome the *shortageflation* syndrome devastating the socialist economy better than Russia and other post-Soviet republics, but worse than China (Kolodko, Gotz-Kozierkiewicz, Skrzyszewska-Paczek 1992; Kołodko 2021b).

It seems, however, that the Soviet leaders in the final years of their empire paid insufficient attention to the economic threads of the changes they were making. This probably happened also in the face of the enormous accumulating challenges, posed by the weakening, and soon collapsing, union of republics of different nationalities. No one else – not even Yugoslavia – had to deal with the scale of the problem that existed in this matter in the USSR. Chinese reforms in those years could easier focus on economic changes, which does not mean that there were no national and ethnic problems. They are still there.

Some critics of *perestroika* and *glasnost* rightly point out that the reason for the failures was the lack of comprehensiveness of *perestroika*, which in fact was to save the regime through gradual changes in the policy and through limited, still, institutional reforms. *Ex post* justifying the imperfections of *perestroika*, some authors legitimately resent the West for not creating an international environment that would be more conducive to comprehensive economic reforms on time (Sakwa 2019). Gorbachev himself also has justified grievances in this regard. It is a fact; the West should and could have done more, but deliberately did not, because it wanted neither a strong Soviet Union nor a strong Russia. In addition, it still does not want it.

It is important to recognize that the economic and geopolitical realities of the 1960s, 1970s and 1980s were greatly influenced by the Cold War – which now, after the new one has been initiated under the pitiful presidency of Donald Trump, should be called First Cald War – and the hostility of the West, especially the US, towards both socialist powers. Powers not in economic connotation, but in political and military meanings, considering the Russian military strength and the size of Chinese army. In fact, the West wanted the collapse of Soviet and Chinese communism, and the leaders of these countries were fully aware that no matter how the reforms took place, they would be seen in the West as an opportunity to break the ruling system perceived as the enemy of world capitalism.

Before Gorbachev took the reins of power, practically no one in the leading political circles thought about deep changes in the political system. Even relatively more progressive and pro-reform minds – be it in the Politburo of the Communist Party or in the Soviet government – at best thought about the partial changes and improvements of reality, which was basically in line with the prevailing and undisputed Leninist ideology. Yet, the time of unavoidable change had to come and it happened together with Gorbachev taking over key positions in the party and the state in 1985.

The Soviet Union governed by Gorbachev did not go as far as its contemporary China, although the ways of thinking were the same: to combine the one-party rule with a partial transformation into a market-oriented economy (Åslund 1991). In retrospect, we can see that this idea has not in itself proved unsuccessful, as it has worked well in China and in Vietnam for over thirty years now (Kołodko 2020; Csaba 2021).

There is no doubt that the disappointment experienced by many people because of *perestroika* and *glasnost*, without overcoming the negative trends in the economy and the relations between the nationalities of the Soviet Union, would have been much smaller – or perhaps there would have been no disappointment at all? – were it not for the coincidence of bipartisan opposition: party conservatives and neoliberal fundamentalists. Gorbachev rightly states that “...the processes of disintegration outpaced the shaping of new institutions of government and administration. At the same time, the radical opposition was gaining strength. In and of itself, the appearance of the opposition was logical and necessary. However, in propounding populist slogans, fighting the central authorities and centrist policies, and supporting separatists, the radicals undermined the foundations of governance and in effect linked up destructively with the hardline conservative opposition. These two extremes are responsible for making the transition to democracy in our country so dramatic and painful.

This reality predetermined many of the difficulties and problems we are still facing.” (Gorbachev, *op. cit.*). I agree, also with the fact that still...

It is the nature of things that political breakthroughs are easier to make than economic ones. At least that is the case in the short term, because in the long term it may turn out that more progress than in terms of political liberalisation and the creation of a truly democratic system is being made in the field of building a market economy. This is confirmed by the experiences of more than three decades of the postsocialist transformation in such countries as the Czech Republic and Poland, or Hungary and Slovenia.

However, Gorbachev and his reformist course were not given three decades, not even one decade. Yet, in politics – especially in the absence of democratic institutions, and that was the Soviet and Russian reality back then – in the case of major reform undertakings, including those such as *perestroika* and *glasnost*, it must be assumed that there will be enough time to implement them. Well, there is often not enough time, either because the term of office democratically ends too soon or because some reformers forcibly remove others in nondemocratic way. It is thus understandable that the former Soviet leader admits his mistakes, explaining that “We did not know then, nor could we know, that history gave us too little time. Radical economic reforms and the transition to a market economy required a kind of revolution in the minds of both leaders and ordinary people. Those who came after us thought that they would succeed in two or three years at most. Hence their belief in “shock therapy”; hence its destructive consequences. That, too, should be borne in mind when evaluating the mistakes of economic policy during *perestroika*.” (*ibidem*). This time, as well, I have to agree with Gorbachev, adding that the so-called shock therapy in his country had even more detrimental effects than it had in mine.

Gorbachev rightly stresses the great importance of ending the Cold War. As much as I attribute this very significant achievement to him (Kolodko 2021a), he modestly claims only a fair share of the credit on this issue with his

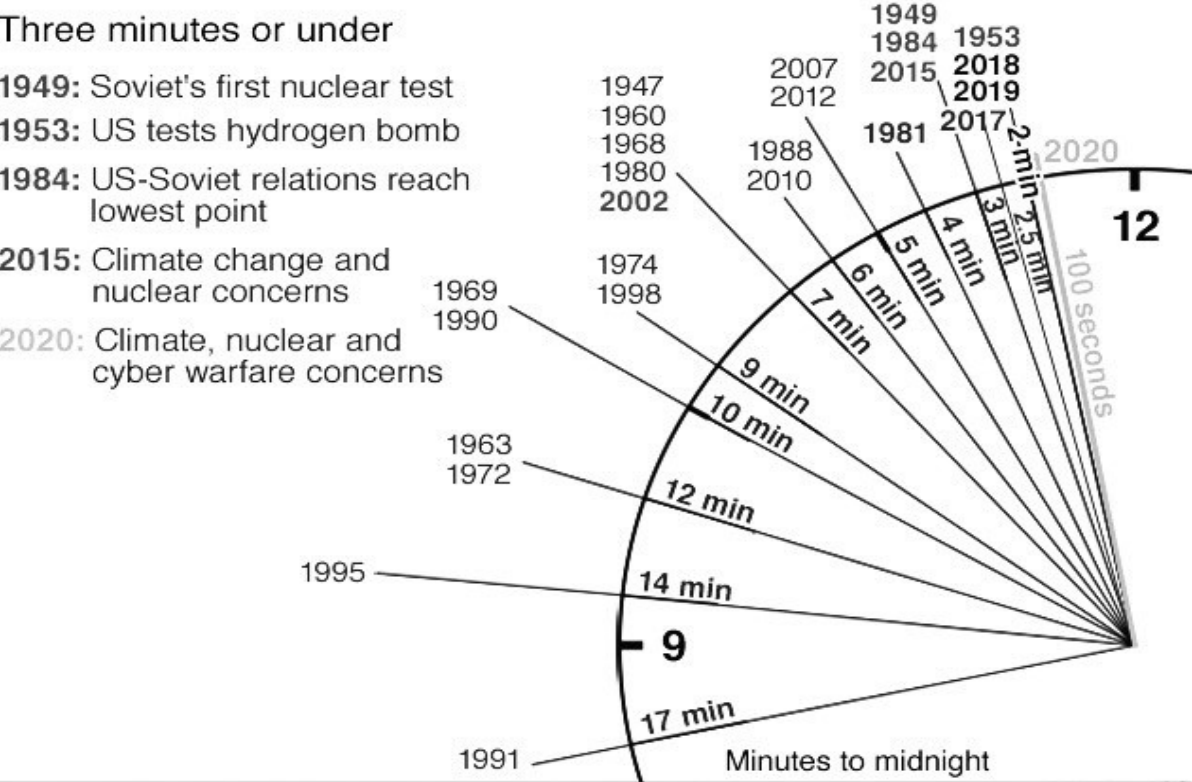
American partners, while very quickly “the American political establishment changed its tune. That was a major error in judgement and a failure to meet their responsibility to history. Instead of recognizing our common victory over the Cold War, they decided to declare themselves the sole winners. (...) That about-turn set the course of world events on the wrong track. It is the root of many mistakes and failures that undermined the foundations of new international politics. In politics, triumphalism gives bad advice. (Gorbachev, *op. cit.*). This “change of tune” is, unfortunately, continuing, except that now, in the eyes of some Western leaders, the supposedly great threat to world peace is no longer the non-existent Soviet Union – nor even Russia, although it is still seen by the West, especially the United States, as a foe – but China.

The American initiatives such as QUAD and AUKUS are aimed exactly at them. QUAD, *Quadrilateral Security Dialogue*, is a geostrategic political agreement of the United States, India, Japan and Australia, which almost encircles China, alongside with Russia. AUKUS, in turn, is a military agreement between the United States, the United Kingdom and Australia aiming at equipping the latter with at least eight nuclear-powered submarines. The opinion that “AUKUS’s true significance is as a step towards a new balance of power in the Pacific” (Economist 2021) is not a surprise but it should be clear that the real significance of AUKUS – true, not declarative – is to push the spiral of arms in the spirit of the Cold War further, which does not ensure the otherwise desirable balance of power and actually weakens international security. What is astounding is that such a usually sensible and pragmatic weekly as “The Economist” states in passing that “For this the Biden administration deserves credit.” (*op. cit.*). Not at all.

The great achievement of the last Soviet leader was not only that a group of scientists – mostly eminent physicists, including Nobel Prize winners – were able to turn back the hand on their *Doomsday Clock*, moving it as far as 17 minutes away from the symbolic catastrophic midnight. In their view, 1991 was

the safest year after the Second World War in terms of preserving peace. The last few years have been the most dangerous, more dangerous than 1949, when the USSR carried out its first atomic bomb test, and more dangerous than 1953, when the US detonated its first hydrogen bomb, and more dangerous than the Orwellian 1984 that preceded Gorbachev’s unfortunately belated rise to power.

Doomsday Clock



Source: Bulletin of the Atomic Scientists (Mecklin 2021).

Moreover, the end of that Cold War meant something more than giving humanity a sense of security. This was not only the liberation of masses of people from a sense of fear but also opening the prospect for many countries to decide upon their own future. In the words of Gorbachev: “With the Cold War coming to an end, the countries of Central and Eastern Europe were voicing their aspirations and Germany was uniting. Without a doubt, those processes received an impetus from the changes in our country. Having granted

democratic rights and freedoms to the peoples of our country, we could not thwart the aspirations of the peoples of neighbouring countries, our allies. From the very start, we told those countries' leaders that we would not interfere in their affairs and that they were responsible to their people. Therefore, when the wind of change blew in those countries, we proved that what I had said about freedom of choice – which was one of the main theses of my speech at the United Nations – was not empty rhetoric.” (*ibidem*).

If one was to name just one person in the world who, in our lifetime, has made the greatest contribution to changing the global geopolitical system for the better, that person would be Mikhail S. Gorbachev in his role as the General Secretary of the Communist Party of the Soviet Union. As strange as it may sound today, it was his words and deeds that amplified the winds of great changes that were already blowing.

Yet, make no mistake. We should not expect that wide and unchallenged acknowledgements of Gorbachev's memorable positive achievements will dominate at current turbulent times of chaos. Thirty years since he was forced to step down is not enough to expect fair evaluation of the years of historic meaning for the course of the world affairs on which he had made a significant impact. Justice will be given to this great statesman only in the future. Not we, but the history will ultimately decide who was right and who was wrong; what was good and what was bad; who was leading in the accurate direction and who was a poor guide. And the history starts only when the last witness of the discussed matters is passing away. Fortunately, we - both, the actors and the witnesses - are still around and let us hope it will be so still for many years to come...

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