

CHAPTER 1

1991: THE FALL OF THE SOVIET UNION AND THE RISE OF RUSSIA



AP Photo

STANDING UP FOR FREEDOM: Russian Federation President Boris Yeltsin stood atop an armored personnel carrier in Moscow Aug. 19, 1991, to urge Russians to resist a central government takeover by Soviet hardliners. Russians proved their courage and their love for freedom in 1991, ending Soviet domination in Eurasia with a peaceful determination that stood in stark contrast to the terror imposed on them for seven decades.



I've met with business people and leaders of the republics and reformers at all levels, and in spite of the vast array of challenges before you, a deep undercurrent of enduring optimism runs here. The forces of reform, the drive toward democratization, political pluralism, market economies—all offer real hope for lasting stability and prosperity.

We seek to unleash the energy and ambition of the individual in the service of a greater good. We believe that while men and women may for a time be intimidated by force, mankind finds inspiration in freedom. So if, as Chekhov once wrote, man is what he believes, let us believe in freedom.

President George Bush, in Moscow, August 1, 1991

On Christmas Day, 1991, the Soviet Union ended. The people of Russia had made it clear they were prepared to build the truly free society that Gorbachev could not achieve. The Soviet Union lost the Cold War, but Russia had won it.

The collapse of the Soviet Union brought to an end, with surprisingly few casualties, one of the cruelest, most violent, least humane, and most viciously ideological régimes in the history of the world. The Soviet Union—more aptly, the Soviet Empire—collapsed of its own weight, crushed by the material and spiritual burdens of its collectivist ideology.

A Titanic Clash Over the Budget

On January 3, 1991, Mikhail Gorbachev, President of the Union of Soviet Socialist Republics and General Secretary of the Communist Party Central Committee, announced on state-controlled Soviet television that the empire's ritual budget deliberations were completed. "Solutions were worked out that made it possible to hold a session of the Federation Council today and to coordinate the basic provisions of an economic agreement," Gorbachev said.¹

But this time, the General Secretary's decree was not routinely accepted. In what the state-controlled news agency TASS called the "mutiny" of Russia, the largest of the Soviet Union's 15 republics refused to contribute its "required sum" to its putative Soviet masters.² The President of the Russian Republic, Boris N. Yeltsin, was defiant.

And so, the opening scene in the world-shaking drama of 1991, the final year of the Soviet empire, began with a fight over money.

The dispute between Yeltsin and Gorbachev was not new, and it was personal as well as ideological. On July 12, 1990, Yeltsin had resigned from the Communist Party "because processes in the party are too slow, because the party is still lagging behind, because the process of democratization in the party does not develop, [and] because the style and method of work are behind those processes of *perestroika*."³ Yeltsin, moreover, had openly defied the U.S.S.R.'s claim of sovereignty over the Baltic states of Lithuania, Latvia, and Estonia. And he had mounted a withering attack on Gorbachev's *perestroika* reform effort as insufficient.

But beyond these policy differences, Yeltsin resented his constant humiliation by Gorbachev, beginning at the Communist Party's October 1987 Plenum, when Yeltsin was expelled from the Politburo. In his memoirs, Yeltsin wrote that "the motivations for many of my actions were embedded in our conflict."⁴

Tanks to Vilnius

Riots and uprisings in Azerbaijan⁵ and Georgia,⁶ the war between Armenia and Azerbaijan over the Nagorno-Karabakh enclave, and moves to restore the independence of the Baltic nations threatened to tear the U.S.S.R. apart. Over the course of 1990, nationalist sentiments in the republics matured from disparate popular movements to a central fact of political power.





AP Photo/Alexander Zemlianichenko

BRINGING DOWN THE KGB: Russians celebrate their newfound freedoms by toppling the statue of KGB founder Felix Edmundovich Dzerzhinsky, early Friday, Aug. 23, 1991, in front of the KGB headquarters in Moscow.

Leaders of popular groups took control of legislatures from the Baltics in the north to the Transcaucasus in the south.

In an eight-month period during 1990, legislatures in every republic, beginning with Lithuania and ending with Kirghizia (now the Kyrgyz Republic), declared their sovereignty or outright independence. The cries “To a free Estonia!” and “To a free Latvia!” by Lithuanian crowds rejoicing at their legislature’s vote for independence from Moscow testified to the snowballing effect of the independence movements.

Although Gorbachev assured the Federation Council that he would not use force to rein in the independence movement, within hours of his statement Soviet special police forces opened fire on pro-independence Lithuanian demonstrators in Vilnius, killing 15 and wounding hundreds more. A week later, Soviet forces killed four civilian protesters in Latvia.

Yeltsin, meanwhile, was taking up the cause of Baltic freedom. He signed a mutual security agreement with representatives of the three Baltic States in which

the parties pledged to respect one another’s sovereignty, and—importantly—to provide assistance in the event the Soviet central government resorted to force.

The Soviet crackdown in Vilnius, known as “Bloody Sunday,” proved a turning point.⁷ In the past, Soviet state control of the media could suppress the facts sufficiently to maintain order. But the January 13 bloodbath in Vilnius led to protests by 100,000 citizens in the streets of Moscow and sent Gorbachev’s approval rating from 29% to less than 10%—dangerous even for a Soviet ruler, and especially so when a powerful rival in the form of the Russian president presented himself as an alternative.⁸

The KGB and ‘Economic Sabotage’

Gorbachev reacted by tightening the reins. A month before the violence in the Baltics, Foreign Minister Eduard Shevardnadze resigned, warning of a coming dictatorship. On January 26, 1991, Gorbachev issued a decree giving the KGB and the MVD (the Soviet Interior Ministry) wide-ranging powers to



investigate “economic sabotage”—an ideological crackdown on unauthorized economic reforms and privatization then underway.

The move was intended to shore up support among Communist critics of *perestroika*—Gorbachev’s ambitious plan to restructure the Soviet economy and modernize Communism—but it had the opposite effect. The already demoralized security forces saw their role being trivialized. Instead of protecting the nation, they were being asked to monitor white-collar crime and rifle through desk drawers.

The decree’s retreat to criticism of “selfish interests” seems in retrospect to have been a dying gasp of Marxist economics. Certainly, the January 1991 edict to the KGB and MVD exemplified the inherent weakness of Gorbachev’s *perestroika*, which was doomed to failure because it intended not to supplant Communist economic doctrine, but to make it work, somehow. Thus, despite the genuineness of the policy of *glasnost*, or openness—which, at least relative to previous Soviet regimes, allowed some modest new freedom of speech and thought—*perestroika* amounted to little more than fiddling while Rome burned.

Two years before the collapse of the Soviet Empire, in 1989, American economist Judy Shelton had confidently predicted the collapse of the Soviet Union.⁹ By 1991, it was even clearer that the Soviet Union did not have sufficient domestic resources to deal with its aging factories, increasing shortages, and impending famine.¹⁰

Although the official Soviet Bank for Foreign Economic Affairs had met all its immediate obligations, the Soviet Union had built up substantial arrears to Western suppliers through its foreign trade organizations, ministries, and state-controlled enterprises. Contemporaneous Western estimates put the default in the range of billions of dollars. To disguise this economic disarray, the Soviet government kept two sets of books: public books to deceive outside lenders, and private books that alerted Gorbachev to serious cash shortages.

Thus, the collapse of the Soviet economy was not the result of “economic sabotage,” but of the inherent weaknesses of the Communist system itself. In unintended acknowledgement of this fact, Gorbachev in the final days of the Soviet Union



SAGR Photo

STORAGE: The statue of the KGB founder stands in a museum storage yard in downtown Moscow, April 16, 2000. The President Hotel is in the background.

turned to capitalist-supported international lending programs for assistance.

German banks—with a 90% guarantee by the German government—financed a loan to repay arrears to German companies. In another turn toward capitalism for help, De Beers Consolidated Mines provided a \$1 billion loan using Soviet diamonds for collateral.

In the end, however, international lending did no more than unnaturally extend the life of the terminally sick Soviet system. It did no more to address the fundamental problems of the state-controlled Communist economy than did the decree broadening powers for the KGB and the MVD.

Lithuania Votes for Freedom

On Thursday, February 7, 1991, three days before Lithuanians went to the polls to cast their ballots on the issue of independence, Soviet military officials announced ten days of maneuvers in Lithuania, Latvia, and Estonia.¹¹ Despite the military presence, the yel-



low, green and red Lithuanian flag was defiantly flown, and posters bearing gruesome pictures of the Bloody Sunday attack appeared everywhere. On election day, Sajudis, the anti-Soviet independence and human rights movement, won overwhelmingly.¹² One month later, Vytautas Landsbergis, a mild-mannered university music professor who had spent years in Soviet prisons, became President. It was “a victory against lies, against attempts to scare us, against fear,” President Landsbergis said in a televised message.¹³

Taxes, Strikes, and Sovereignty

March 1991 brought strikes—not only for wages, but openly and defiantly for Gorbachev’s resignation. Coal miners and demonstrators in Moscow, Leningrad, and across Russia demonstrated in support of Yeltsin.

In the midst of this strife, a referendum, organized by Gorbachev and opposed by Yeltsin, showed that 75% of the people, including 71% of Russians, favored the continued existence of a union of republics. But because the referendum framed its object as a federation of *sovereign* states intended to protect “the rights and freedoms of all nationalities,” it attracted the votes of many whose sympathies were with Yeltsin—and ultimately settled nothing.¹⁴

Gorbachev sought to remedy the central government’s financial collapse, including its inability to meet external debt obligations, by levying new taxes.¹⁵ What came to be known as the “presidential tax,” an additional 5% sales tax on goods, infuriated Russian consumers, already outraged by shortages of most necessities. “‘Did you read this list?’” the *New York Times* quoted a burly Muscovite as saying about the schedule of commodities to which the new tax would apply. “‘It looks like someone went into a store and made an inventory of all the things he couldn’t find.’”¹⁶

Yeltsin pounced on the sales tax issue, urging repeal and agreeing to support Gorbachev’s “Anti-Crisis” economic plan only in exchange for elimination of the tax.¹⁷

Soviet taxes, Soviet labor controls, and Soviet central control over the people and affairs of every one of the Republics were completing the century-long destruction of the Russian economy. Neither *glasnost* nor *perestroika* had even really addressed them.

Secession Momentum

On April 9, the Soviet republic of Georgia formally declared its independence from the Kremlin.¹⁸ The Georgian people completed this act in defiance of their Communist rulers by dancing in the streets.¹⁹ A rally originally scheduled to mourn the deaths of 20 civilians killed by Soviet troops in the 1989 Tbilisi Massacre²⁰ (a tragedy contemporaneous with the Chinese Communist Party’s Tiananmen Massacre) spontaneously became an independence celebration. The demonstration came 10 days after balloting in which nearly 99% of Georgians had voted for secession from the Soviet Union.²¹

The appetite of the peoples of the various Republics, including the Russians, to manage their own affairs was far ahead of Gorbachev’s extremely limited promises.²² Momentum for secession thus grew in Russia as elsewhere in the Soviet Union.

By the end of April, Gorbachev agreed to meet with Russian President Yeltsin and the leaders of nine Slavic and Muslim republics in a village outside Moscow. According to contemporaneous accounts, a visibly changed Gorbachev for the first time showed a willingness to listen to grievances.²³ And, sensing his weakening grasp on power, Gorbachev responded to critics at a plenary meeting of the Communist Party Central Committee two days later by offering to resign. The offer was rejected.

Yeltsin and Coal

Gorbachev’s motivation for ceding ground to his political antagonists was primarily economic. Communist central economic planning had left the Soviet Union starved for cash.

Oil, which accounted for 60% of export revenues, was becoming costlier to produce as Soviet engineers, operating on short-term Communist Party commands to increase immediate production, turned to recovery techniques that wasted oil and damaged pipelines.²⁴ Disorder and mismanagement in the oil industry, as a result of Gorbachev’s failed economic reforms, compounded the problem. Strikes and martial law in Azerbaijan, the main supplier of oil-producing equipment, left the Siberian oil fields short of spare parts.²⁵

Falling oil production not only hurt Soviet exports,





but also created enormous pressure to increase coal production. But the coal industry, too, was plagued with strikes. Over the course of 1990, the Soviet system was starved of coal by major mine strikes that escalated into rampant unrest in the Donetsk and Western Siberian coal fields.

Still other problems conspired to make matters worse. The notoriously inadequate Soviet computers failed to keep track of rolling stock and warehouse inventories, with the result that thousands of freight cars filled with coal, fuel, food, and other commodities were stolen or more often lost and left to rot.

The resulting energy shortages provoked further unrest among both the miners and the general population. Yeltsin, who had supported the miners against the dictatorial control of the Soviet “center” in Moscow, seized on these events to obtain concessions from Gorbachev. In return for a transfer of the mines to Russian control, he would end the strike by decree.

Gorbachev was forced to concede. On May 1, Yeltsin asserted his authority over Russian coal mines, and a month later the strikes were over.²⁶

This significant addition to the sovereignty of Russia at the expense of the Soviet Union signaled another major crack in the foundations of the Empire. As one writer noted at the time:

Yeltsin's handling of the miners' strike is further evidence that he will use his truce with Gorbachev to advantage.

Some liberals worried that their boss might have been maneuvered into opposing the strikers by the crafty Gorbachev. (The myth of this man's political genius dies hard!) Instead, Yeltsin made his support for the strikers a bargaining chip to force Gorbachev to cede control of the mines to the Russian republic.

The coal pits are not exactly the jewel in the crown of Soviet mineral wealth, but their transfer to local ownership will begin the breakup of the central government's monopoly control of exportable natural resources.

Coal today; oil tomorrow. At some point people will have to stop saying that ‘opposition’ forces are too weak to run the country; they will be running it.²⁷

The Vote for Russian Sovereignty

On June 13, 1990, a year before the people of Russia elected him to the newly created office of president, Boris Yeltsin had told the parliament of the Russian Federation, “Russia cannot survive without the country [i.e., the Soviet Union] and the country also cannot survive without Russia.”²⁸

The emphasis was on the indispensability of Russia, for in that same week in June 1990, at Yeltsin's urging, the Russian parliament adopted a formal declaration of the sovereignty of the Russian republic, which asserted that Russian law would now take precedence over Soviet law, by a vote of 907-13.²⁹

Throughout the Russian Republic, Yeltsin actively courted regional leaders, at one point telling them to “take as much sovereignty as you can stomach.”³⁰ He encouraged leaders in the U.S.S.R.'s other republics to seek autonomy from the “center.” His aim was to outflank and undermine the central government and to increase his appeal to local officials.

The Russian sovereignty declaration was a watershed. “Of course,” one prescient U.S. newspaper observed, “Gorbachev's Soviet Union still controls the organs of terror, the Red Army and the KGB. But he may realize he cannot prevent the breakup of the Soviet ‘Union’ and that his ‘federation’ idea, perhaps resembling the European Economic Community/NATO or the British Commonwealth, is his only hope for maintaining any position at all.”³¹

The Russian parliament's near-unanimous vote for sovereignty and Yeltsin's campaigning had emboldened leaders in other republics, particularly the Baltic states. Similar sovereignty measures had followed in other republics within months.

Now, a year later in 1991, support for Yeltsin— and opposition to Communism—was overwhelming. Yeltsin was swept to a decisive victory as the first popularly elected president in Russia's history in June 1991, as Leningrad voted to restore the city's historical name of St. Petersburg in a stinging repudiation of Vladimir Lenin, the ultimate icon of Soviet Communism.³² The new mayor of this city of five million, Anatoly Sobchak, won his post in the same election, and would soon become one of the leading Russian reformers.³³ Sobchak appointed as one of his deputies a young, unknown former KGB agent named Vladimir Putin.



Supreme Soviet ‘Privatization’

Meanwhile Gorbachev and the old guard were struggling to keep up with events. On July 1, 1991, the Supreme Soviet approved, for the first time, a law authorizing the sale of state assets.³⁴ This step, though unprecedented, represented less free-market reform than a desperate attempt to generate cash for the crumbling Soviet system. Not only was it unsuccessful in raising money for the state, but it was soon taken hostage by the Communist *nomenklatura*, the privileged ruling elite. The state assets they sought to auction—to themselves—were dachas or private resorts.

“In one of the juiciest scandals to touch President Mikhail S. Gorbachev’s administration,” the *Los Angeles Times* reported, “the Soviet press and a legislative watchdog commission are accusing top officials of using their pull to buy government-owned dachas and their lavish furnishings at bargain-basement prices.”³⁵ This Communist insider dealing was a harbinger of things to come. The dacha scandal, the *Times* reported, encouraged suspicions “that when the time comes to sell state property to private buyers, only the well-connected will really have the chance to buy.”³⁶

Neither scandal nor shame would quell the Soviet appetite for cash—Gorbachev sought \$20 billion from the Japanese alone; he asked for \$100 billion in Western aid. Harvard economist Jeffrey Sachs suggested \$150 billion for a five-year plan.³⁷

President Bush knew that such schemes would not work. “A shortage of foreign capital is not what plunged your economy into crisis, nor can your economic ills be cured by an infusion of cash,” he told the Moscow State Institute for International Relations in a speech July 31.³⁸ Instead of government-to-government aid, President Bush said, the Soviet Union and the United States should facilitate business-to-business dealings between private individuals and firms.³⁹

It soon became clear, however, that real reform of the Soviet economy was impossible as long as the Soviet structure survived. On July 11, *Izvestiya* published the text of the latest Soviet “reform” plan. The program correctly cataloged the economy’s ills:

The socio-economic situation in the country has become extremely acute. The fall in production has affected virtually all sectors of the

national economy. The finance and credit system is in a state of crisis.

Exports and foreign currency earnings are falling. The consumer market is disorganized, the food shortage is being felt everywhere and the population’s living conditions have deteriorated considerably.⁴⁰

But Gorbachev’s proposed remedies called for more of the same: government action to restore production volume, “targeted measures” to “normalize” the supply of consumer items, and “a Union-Republic program of support for entrepreneurial activity”—a concept as oxymoronic as a U.S.S.R. federation of “sovereign states.”⁴¹ While the program reflected an attempt to move away from statist economics, it fell far short of meeting the prerequisites for beginning the necessary transformation to a market economy.⁴²

The Coup Attempt

Increasingly concerned by Gorbachev’s inability to deal effectively with what they correctly saw as a fundamental threat to the survival of the Soviet Union—and believing that Gorbachev planned to dismiss some or all of them imminently—eight senior Soviet officials, including Vice President Gennady Yanayev, Defense Minister Dimitri Yazov, and KGB Chairman Vladimir Kryuchkov, launched a coup in the early morning hours of Monday, August 19, 1991.

The coup attempt began while Gorbachev was away at his official summer residence in the Crimea. Muscovites and others throughout the Soviet Union awoke to the news from the state-controlled media that “due to the condition of his health” Gorbachev had been relieved of his duties. A State Committee on the State of Emergency, TASS reported, had been established to run the country.

The State Committee was made up of most of the highest-ranking orthodox Communists in the Soviet government, and all had worked closely with Gorbachev. In addition to Defense Minister Yazov and KGB Chairman Kryuchkov, it included Interior Minister Boris Pugo, Soviet parliament Speaker Anatoly Lukyanov, the Chief of Apparatus for the Communist Party Oleg Shenin, and Prime Minister Valentin Pavlov. Each saw the Union Treaty which Gorbachev was about to sign as the last straw. In their





view it would end the primacy of the various institutions that they controlled.

Russian President Yeltsin, at his dacha in Arkhangelskoye, was busy working the phones. He issued a statement denouncing the coup as unconstitutional, which was broadcast by Russia's first independent radio station, Echo Moskvy. Ninety minutes after the coup was announced on radio Yeltsin left for the Russian White House, the seat of the Russian government. Along the way, he encountered tanks and armored personnel carriers brought in to intimidate the public. Long tank columns were positioned along streets leading to the center of the city, and tanks were stationed on both sides of every bridge across the Moscow River. In Lithuania and Latvia, Soviet troops seized the television and radio centers.

Yeltsin was determined to put his authority to the test. At 1 p.m., he climbed onto Tank No. 110 of the Taman Division, which was positioned outside the Russian White House, and read a defiant statement calling the coup unconstitutional and demanding Gorbachev's release from house arrest at his dacha in the Crimea.

Muscovites moved to protect the White House by blocking approaches to it with buses and trolleys. By Monday evening, people had erected barricades and formed a human chain around the building.

A Firm U.S. Response

On Tuesday, August 20, on the only functioning phone line remaining available to him, Yeltsin spoke with George Bush. The American President stated firmly that the United States would not recognize the Yanayev government. President Bush also reported that he had already spoken with the other G7 leaders and believed they would follow America's lead.

The coup plotters apparently calculated that the United States would not take sides in a Soviet Communist power struggle. But Bush's action in support of Yeltsin and the Russian people took "the United States into largely uncharted territory by ... trying to influence Soviet politics more directly than anytime in more than 70 years."²⁴³

Shortly after midnight on Wednesday morning, 30 tanks and 40 armored personnel carriers, along with 1,000 troops, approached the barricades surrounding

the White House under orders to storm it. In the skirmishes that ensued the troops set several vehicles ablaze, and in the brief fighting three civilians died. But in the end most soldiers proved unwilling to fire on the crowds.

Later that afternoon, Yazov and the other coup leaders arrived to see Gorbachev, who had been trapped in his dacha and cut off from the outside world since the coup began. Gorbachev refused to meet them, and ordered their arrest. Instead, he received a delegation of Russian government representatives—a deeply symbolic gesture suggesting that Gorbachev finally had taken sides with Russia. The coup was unraveling.

The next day, Gorbachev arrived in Moscow. What he found on his return from his brief detention in the Crimea was a fundamentally changed political landscape.

The coup's rapid failure conclusively demonstrated the weakness of hard-line Soviet Communist Party elements and the irrelevance of the Party to developments in the U.S.S.R. It further accelerated the movement of public opinion in Russia and the other republics—particularly the Baltic States, Ukraine, and Georgia—toward support for independence. In the month after the coup, eleven of the Union's fifteen Republics declared their independence.

Yeltsin Takes Command

Boris Yeltsin's defiance of the coup—captured forever in the minds of Russians by the image of him standing atop the tank in front of the Russian White House—solidified his status as Russia's pre-eminent political leader and inspired millions more people outside Russia. The strength of the newly-elected Russian president contrasted sharply with Gorbachev's impotence.

Yet Yeltsin, as would be seen so clearly in the last years of his presidency, was more a populist than a democrat. While serving as Moscow's Communist Party Secretary, Yeltsin often rode the city's subway system and mingled with city residents. Many Russian democrats, led at the time largely by intellectuals and former dissidents like Andrei Sakharov, viewed Yeltsin with great skepticism. Sakharov was reportedly unwilling to vote for Yeltsin in Russia's 1989 parliamentary balloting because of concerns about his demagogic tendencies.



Many committed democrats were loath to follow a former Communist Party Politburo member. Many intellectuals, moreover, were uncomfortable with what they perceived as Yeltsin's lack of political sophistication. Even his popular appeal was troubling to some who felt that Yeltsin had hijacked for his own personal ends a movement they had suffered greatly to develop. That leaders of the democracy movement of the time expressed concern at the authoritarian tendencies already evident in his leadership should have been a warning to U.S. policy makers that they should support democracy and free enterprise, not just Yeltsin.

But Yeltsin, the first elected president of Russia, was an irreplaceable transitional leader at a time when Russia needed not just ideas with which to oppose Communism, but action—notwithstanding his failure in later years to live up to the expectations of either Russians or the West.

From Union to Independence

Despite the failed coup, or perhaps encouraged by it, work continued on a new Union Treaty that would allow each member state to define its own terms of participation. On October 18, 1991, Gorbachev and the leaders of eight republics (Armenia, Belarus, Kazakhstan, Kyrgyzstan, Russia, Tajikstan, Turkmenistan, and Uzbekistan) signed an agreement on an economic community. A month later, the U.S.S.R. State Council agreed on a framework for a confederation of sovereign states with a limited central authority.

Though Yeltsin had expressed support for a union as late as mid-November,⁴⁴ he had simultaneously been pursuing a separate track intended to eliminate centralized authority over the remaining states interested in some form of union.⁴⁵ The October and November agreements ceded much authority, but they were not enough for President Yeltsin.

Yeltsin's insistence on delaying the signing of Gorbachev's State Council agreement until after Ukraine's December 1 independence referendum (in which, as Yeltsin must have anticipated, 90% of the voters supported independence) bought him time to gain support for his strategy. A few days after the Ukrainian independence referendum, Yeltsin proposed a "Commonwealth of Independent States" without a central government. As the press observed at the time, Yeltsin's plan "killed off Mikhail Gorbachev's



AP Photo/Mindaugas Kulbis

LENINISM'S DEFEAT: Children play on the fallen statue of Vladimir Lenin in Vilnius, Lithuania, Aug. 30, 1991. The statue of the Soviet dictator, who had called for the defeat of Russia in World War I before launching the bloody Russian civil war, was toppled after the failed 1991 Kremlin coup.

foundering plan to preserve the Soviet Union."⁴⁶

By December 8, Yeltsin was able to go outside the Gorbachev-led process and sign an agreement with the leaders of Ukraine and Belarus declaring the end of the U.S.S.R. and the creation of the new Commonwealth of Independent States (CIS). At the time, these three republics accounted for 70% of the population and 80% of the industrial output of the U.S.S.R. A joint communiqué stated: "As founding states of the U.S.S.R....we declare that the U.S.S.R. is ceasing its existence as a subject of international law and a geopolitical reality."⁴⁷

Mikhail Gorbachev resigned as the last Soviet president on December 25, 1991.



The End of the Soviet Empire

Yeltsin had won the economic battle with the unwitting help of Gorbachev—whose openings to the West, as tentative as they were, exposed Russians to the possibilities of wealth generated by real market economies. Gorbachev and other senior leaders had recognized that the existing Soviet Communist system was economically bankrupt and unsustainable. This extraordinarily unfavorable economic situation was part of the Soviet Union's legacy to the newly independent Russia.

The collapse of the U.S.S.R. laid bare the catastrophic material impoverishment and decay that had been wrought by Communism over seven decades. Although missed by many observers,⁴⁸ the unsustainable economic, environmental, moral, and social ravages of Soviet Communism were obvious not only to a few far-seeing individuals such as Ronald Reagan⁴⁹ and Judy Shelton, but also to the leaders of the Soviet Union itself.

Ironically, it was the liberal intellectual elite in the West that not only failed to see the collapse coming, but argued against the very U.S. and European policies that helped accelerate it. One supposed Soviet expert, *Time* magazine's Strobe Talbott, repeatedly chastised President Reagan for pursuing his ultimately successful policy of peace through strength.⁵⁰ Talbott would later be appointed by President Clinton to coordinate his Russia policy. The fact that Americans who were wrong about the defeat of the Soviet Empire ended up running U.S. relations with its former subjects is an irony of history.

The disintegration of the Soviet Union is often viewed as the culmination of the collapse of Communism in Central and Eastern Europe. But, while the death of the U.S.S.R. brought closure to the revolutions of 1989 and the Communist era in Europe, the events of 1991 in Russia were fundamentally different from what took place elsewhere in the former Soviet bloc.

The historical experience of Russia and most of the other Republics of the Soviet Union differed widely from those of the U.S.S.R.'s former satellites in Central Europe. Although the Russian Empire had undergone exceptionally rapid economic development in the last decades before 1917, by the late 20th century it lagged significantly behind most of Central Europe politically, socially, and economically.

The Bolshevik revolution and the succeeding decades of Leninism and Stalinism, as well as the pervasive corruption of the Brezhnev era, devastated both economic life and civil society throughout Russia and the other nations of the U.S.S.R. The Soviet occupation of Central Europe since World War II was significantly briefer and wrought comparatively less damage to those societies, which to varying degrees had previously possessed capitalist economies, democratic institutions, or, at a minimum, more highly developed civil societies.

Subsequent underdevelopment even compared to former Warsaw Pact countries would significantly complicate attempts at economic and political reform.

The Legacy of 1991

The events of 1991 were part of a much larger process, with deeper roots. "[T]he Soviet Union is not immune from the reality of what is going on in the world," President Reagan had explained in 1982. "It has happened in the past: a small ruling elite either mistakenly attempts to ease domestic unrest through greater repression and foreign adventure, or it chooses a wiser course—it begins to allow its people a voice in their own destiny."

Once the people of the many captive nations of the Soviet Empire began to find that voice, their liberation became increasingly more likely. Indeed, the Russian people were instrumental in that result, and stood to reap the greatest gain. The Russian nation, led by a freely elected president, had liberated itself from the staggering economic, political, social, environmental, and moral burden that the Soviet empire had imposed on the Russian people.

With more than half the population of the Soviet Union and three-fourths of its land mass, Russia's victory over the Empire left it well-stocked in both human and material resources, if not in market mechanisms. A newly free Russia was finally prepared to emerge as a world economic power in its own right.

