

Mikhail Gorbachev (1985-91)

I

PERSONALITY / VIEWS

- # Wanted Economic Revival of USSR
(1980s: Depression like conditions in USSR)

based on

CAPITALIST MEASURES

Decentralization
in Economics with
market forces determining
decisions instead of STATE.

- # Wanted Gradual movement towards Capitalist economy
BUT

Not a Shock Therapy as desired by rival & critic
Boris Yeltsin (leader in state of Russia i.e. Soviet
Republic of Russia)

- # Wanted to balance the Right wing reformers and
Left wing conservatives of the party.

- # Believed that economic reforms & political reforms
need to go hand in hand.

There needs to be freedom in politics along
with freedom in economics.

- # Tried to justify his reforms stating that Lenin himself
would have agreed for need for change as Lenin
was pragmatic & responsive to need of times.

- # Ended up unleashing such forces which he
couldn't control. Gave freedom to Russians
which they had never experienced.

- # Showed sympathy towards demands of Soviet republics
for autonomy, " multiparty democracy and
even towards idea of voluntary union

(Boris Yeltsin was making above demands)

POLICIES

of GLASNOST (openness) & PERESTROIKA
(reforms).

- # GLASNOST :

Freedom of speech & expression
to encourage alternate opinions.

to convince the people that
change is needed & to generate
public support for his reforms.

Allowed anti-Stalin articles,
movies & novels.

Replaced radical heads of
cultural institutions with liberals
(e.g. bodies of filmmaking, editorial boards)

allowed freedom of reporting
e.g. in case of Chernobyl Nuclear
Disaster of 1986.

∴ allowed reporting of failures of
STATE, which was new.

Gave amnesty to political exiles &
political prisoners.

Brought a law in 1988 that barred
sending political opponents to
mental hospitals (in practice of
Brezhnev era (1964-85))

PERESTROIKA were the actual reforms brought by Gorbachev

PERESTROIKA

Politics

Economics

Brought partial democracy

- In local Soviets, now people could elect the head instead of him being a party nominee
i.e. he brought choice of candidate if not of Party.
- In factories, workers to elect the managers
- Parliament was restructured - it was made a smaller body & would meet more frequently.
i.e. increased the role of Parliament at expense of the role of Communist Party.

Foreign Policy:

- Prevent Expenditure on foreign interventions

Began Russian withdrawal from Afghanistan in 1986

(USSR intervened in Afghanistan from 1979-89)

Wont send army to Eastern European countries even if communist regimes are threatened there.

This emboldened the people of E-Europe to protest against their communist govt & finally overthrow them, without fear of Russia

Small scale industries & services were opened to private sector. E.g. now people could open family restaurants, car repair shops, give private tuitions etc.

PSUs were incentivized to maximize profit by maximizing production.

Market demand to determine production decisions i.e. freedom to the factories.

PSUs were encouraged to compete in the market.

" " allowed to take orders directly from the customers.

Quality control function was separated from the factory management to improve quality of goods & bring accountability.

Disintegration of USSR - who was responsible

GORBACHEV NOT Responsible

- # USSR failed ∵ its economy failed
- # Communism did not benefit the people. USSR survived Russian Civil War, WW II and COLD WAR but failed from inside.
- # Shortages in Light Industry continued & ∵ Standard of living remained poor.
- # Food shortages also kept troubling USSR
- # Inequity was less than the West but yet western worker was more prosperous than Russian worker. ∵ Communism failed the workers economically. Politically, the workers did not enjoy control of factories and Trade union activity was curtailed.
- # Over centralization in economy and lack of market price led to inefficiency in economy.
- # Corruption was rampant especially during Brezhnev era (1964-85)
- # Cold War was the biggest reason as it was a constant drain on economy.
Military expenditure was 15% of GDP
- # Trade restrictions placed on Eastern European nations (i.e. can't trade with capitalist west) hurt their economy which contributed to failure of communism there.
- # Reforms were too late especially in context of era of stagnation under Brezhnev (1964-85)
- # 47% of Russian population was ethnically different.

GORBACHEV Responsible

- # Failed to balance the Left wing & Right wing within the communist party. ∵ faced criticism from both sides.
- # Perestroika's economic reforms failed. There were food shortages & Light Industry shortages in his tenure
- # 1987 Law on Public Enterprises made wages a function of value of goods produced ∵ factories contd to neglect consumer goods.
- # Tried to make PSUs self reliant i.e. self financing but did not end Administered Prices.
- # Budget DEFICIT %ed from 3% to 10% between 1987 to 1989. This → to printing of ₹ → inflation pressure ∵ Real wages stayed low.
- # SUGAR CRISIS : Govt doubled VODKA prices for Anti Drinking campaign → Enormous Black Market → Sugar shortage (∵ used for making VODKA at home)
Govt had to spend 25bn Roubles to overcome Sugar crisis.
- # Siberian Coal miners STRIKE (July 1989) triggered by shortage of soap. GORBACHEV rejected their demand for multiparty system. However, agreed to workers control over mines → rampant rise in wages → inflation
- # MGR could not free PSUs of Bureaucrat's controls
- # Freedom to travel abroad → to Experience of CONTRAST in prosperity → to Resentment among public
not
- # GORBACHEV was ready to use force to protect the one party system & ∵ protests continued to rise, the Soviet Republics declared independence & USSR Disintegrated.