political situation in the Soviet Union. This forced us to spend more on defense and to pay even greater heed to the opinions of the military.

In a word, by 1982 the results of our foreign policy left us little cause for comfort. The situation had not improved by 1985, when perestroika began. The Cold War was on again—and the arms race reached unprecedented proportions—a very grave defeat for the United States, for us, and for the world community.

Nonetheless, I think today that the détente of the 1970s was not totally in vain. For the first time in the postwar years, the politicians and the public had to face a very important question: What should we consider normal international relations? What was a normal relationship between the U.S.S.R. and the United States? Was it the implacable hostility that found expression in a "hot" or a "cold" war? Or could more civilized relations, which did not exclude contradiction, disagreement, even conflict, become the norm? Such relations had to be founded on a realistic appreciation of common interests, on a willingness not only to live in peace with and tolerate each another, but also to cooperate on an equal footing and to our mutual benefit.

At the very least, détente succeeded in undermining the conviction that we were inexorably doomed to bad relations, to cold war and military confrontation. It gave birth not only to hope, but to a faith that the search for an alternative was not senseless but realistic. And even in the most critical moments of the new phase of our relationship, many people no longer regarded a return to the Cold War as the norm.

This mood made itself felt in the West as well. First of all, there was the turbulent rise of the antiwar and antinuclear movements, which occurred during 1980-1982. The sharp swing to the right in American politics, the rising militarism, increasing tensions, and Reagan's rhetoric and that of some other Western leaders mortally frightened the Westerners themselves. In 1981, the largest antinuclear demonstration ever—with almost a million people—took place in New York City. The extent of the public protest made a deep impression on Reagan, and later, when some positive shifts were made in Soviet-American relations, some American conservatives accused their President of borrowing his slogans and policies from the antinuclear movement.

It is worth mentioning that International Physicians for the Prevention of Nuclear War was founded in 1981. The cochairmen were Dr. Bernard Lown of the U.S. and Dr. Yevgeni Chazov of the U.S.S.R. The activities of the organization had a dramatic impact on world public opinion and, in 1985, it won the Nobel Peace Prize.

Even official foreign policy did not revert entirely to the old positions of the classic Cold War. Noticeable legacies of détente were maintained in Europe. Most important, we preserved one of the most significant achievements of the 1970s, our dialogue with the European Social Democrats: we even maintained a level of political cooperation with them. All this facilitated the important changes in international relations that began to take place during the years of perestroika.

To this I would add another legacy of détente, which, in my opinion, played no small role in the Soviet Union: the evolution of Soviet political thinking in foreign policy. It had begun earlier, although it ran into great difficulties during the years of heightened tensions. Here, I think, one can trace most clearly a direct continuity between the ideas of the Twentieth Party Congress, détente, and the new political thinking.

As I explained earlier, the Institute of World Economics and International Relations of the U.S.S.R. Academy of Sciences was an oasis of creative thought in the late 1950s and early 1960s. During the 1960s, more institutes, dealing with Africa, Latin America, and the Far East—and including, eventually, the Institute for the Study of the U.S.A. and Canada—were founded. Not all of these institutes were equally successful. Nonetheless, from the 1960s on, modern political science began to develop in the U.S.S.R. For the first time the field was not merely scholastic or dogmatic, but aimed at real life, at political practice, and extended the area of research to subjects that in the past either had never been studied or had been forbidden. I have in mind the study of conflicts and international crises, and also the broad area of military-political problems, economics, and the policies of other countries.

Deterioration in the Land

It is difficult to identify triumphant moments along the road of progress during our post-Stalin history. There were periods of economic growth and success, but they were short, and the cycles of political and cultural
advance did not always coincide with them. But it is possible to identify a period when there was a noticeable deterioration in all these areas. This was the second half of the 1970s and the early 1980s.

I would like to start with the economy. The modest economic reforms begun in 1965 had played themselves out. Despite their inconsistency, they did yield some results, but they could never have lasted for long, given the form they took at the start. They should have been developed further and promoted. This did not happen. Not only that, the conservatives compromised the reforms at every turn, using such underhanded methods as playing on Brezhnev's rivalry with Kosygin. (People associated Kosygin with reform.)

It is even possible to assign an exact date to the point at which the dynamics of economic development took a turn for the worse. The eighth Five-Year Plan was a success. The deterioration began with the ninth Five-Year Plan, and the turning point was 1972.

Was this expected? Generally speaking, it wasn't, not by the experts and not by some of the leaders. As I have mentioned, debate on the economy had been going on since the beginning of the 1960s. This gave birth to reform. Despite the success of the eighth Five-Year Plan, a series of questions concerning economic problems were raised at the Twenty-fourth Party Congress. Among these were the need for a switch to intensive economic growth factors, the need for an increase in the role of economic incentives, and other urgent problems concerning the improvement of planning and management methods, and so on. As I have already mentioned, shortly after the congress ended, preparations for a plenum on the technological revolution began. Had we not become so scared that we canceled it, this event might have played a noticeable part in our economic development.

This plenum, like the reforms of 1965, was yet another historic opportunity to embark upon serious and radical reforms in a relatively normal, even favorable, climate and from what might be termed a position of strength. But these opportunities were missed. I won't venture to judge whether this was inevitable, although that may well have been the case. Perhaps those people are right who think that the only way we can be forced to make truly radical changes is through a deep crisis. Of course that is a more painful, a more difficult, and in some ways a more dangerous way to go about things. We have had to go through economic reform, not from a position of strength, but from a position of weakness.

Why were these opportunities missed? Why have we so unforgivably delayed putting our economic house in order? The main reason, in my opinion, is that the leadership was not prepared for radical change. For that matter, the same could be said of a significant part of the population. This has become particularly clear now that perestroika has begun.

As far as the leadership is concerned—and I include the whole stratum of central management of the economy—the main thing to remember is that the system Stalin created gave rise to its own brand of economic and managerial thinking and created its own type of economic manager. It was necessary, in fact, to renounce the entire economic model whose roots were in "war communism," although few people realized this at the time. We had to build a new model, which included economic components and institutions regarded as alien to socialism and even as capitalistic—for example, a market economy. We had to stop identifying public property, which was supposed to belong to every citizen, as state property managed by the bureaucracy. And we had to legitimize private property. This proved to be a tremendously complicated and painful process because it faced desperate opposition from the bureaucrats and ideological fanatics in the Party, as well as ignorance, prejudice, and suspicion among the public. We found out the real scope of this resistance later—in the late 1980s and early 1990s.

Therefore, the ideas that the most progressive reformers had been proposing for a long time simply found little support among society and were often misunderstood. People had been conditioned for decades to prefer a more-than-humble, but secure life, one free of any risk. When one considers the ordeals of our history, these attitudes may have been justified. Why, then, one might ask, did they not start changing when the faults and vices in the existing economic mechanisms became apparent?

First, I think that not only society but even the government did not fully grasp the real economic picture. Totalitarian traditions, the obsession with propaganda proclaiming our successes, the incessant desire to tell superiors what they wanted to hear—all this took its cruel revenge. Of course, the leadership was told much more than the general public. But it was difficult to tell these leaders the truth, even if one wanted to. This was not only because the practice of twisting the facts began at the bottom—with the padding of figures at the workplace, to say nothing of
the plant or enterprise, or the state farm or collective farm. The statistics themselves, the system of collecting statistical data, the selection of indicators, and especially their analysis were all adapted to fit the existing system and the existing model of economic management. I don't want to reduce everything to a matter of statistics cooked up to satisfy our managers' primary need to report successes. Yet another aspect of the system was that it provided only quantitative indicators (without taking due account of quality, losses, and expenses) and did not exclude double-entry bookkeeping and other fiddling. The most interesting aspect of all this was that many people in the leadership knew, or at least suspected, that the economic picture fed them by the bureaucracy was basically embellished, but they did not show any determination to get to the bottom of things. They felt that something was not right, that there were serious inconsistencies, but they lived in a world of artificial concepts and conventions. For example, one of the most cherished criteria of success was 100 percent fulfillment of economic plans. But what did this 100 percent mean in reality? Most often it was simply a bureaucratic compromise that had nothing to do with the real needs of society. Nor does such an approach say at what price this 100 percent was achieved.

Among the leadership there was no sense of an approaching crisis. My colleagues and I, who for many years had taken part in the preparations for the traditional annual Central Committee plenary sessions on the following year's economic plan and budget, saw this vividly even from the heavily censored documents we received and from the way the plan was discussed in the Politburo.

The most important and fundamental economic issues were rarely raised there. Mostly, the talk concerned relatively minor grievances between various government agencies and, above all, the imperative that there be no deficits in the balance of payments. If there was a discrepancy of eight to ten billion rubles, or even five billion, it became a huge problem for N. K. Baibakov,* for Kosygin (later replaced by Tikhonov), and for Brezhnev himself. Year after year, new plans for emergency measures were born, including price increases on various goods in order to balance the budget. To be fair, I have to say that even this was better than the budgetary anarchy unleashed later by Prime Minister Nikolai Ryzhkov and Valentin Pavlov. But reducing the problem to one of fiscal discipline could never heal a seriously ill economy. Few in the leadership were concerned about the fact that, year after year, tens if not hundreds of billions were thrown away because of frightful losses or because of the "building projects of the century," or were frozen because of "uncompleted construction," or were wasted on production of unwanted goods. In addition, the military expenditures, which bled the economy dry, were so horrendous that they were kept under wraps and not completely revealed even to most of the leadership.

Another reason why both the government and society failed to comprehend the scope and the swiftness of the approaching economic woes until the crisis hit them was the fact that the growing holes in the economy were being plugged by the barbaric plunder of our enormous, but not limitless, natural resources, by scrimping on environmental protection and social spending. This can be seen most starkly in the export of oil (and later of natural gas)—the main reserve used to plug such holes, especially following the Yom Kippur War in 1973 and the creation of OPEC.

After 1973, many developed nations, including the United States, had to pay high prices for oil, and at times they experienced shortages and irregular deliveries. The very name "OPEC" caused a certain amount of fear and loathing in the West. But trying to analyze these events many years later, I came to the inevitable conclusion that the main victim of OPEC was the Soviet Union. This was especially true because the high oil prices coincided with our development of the Tyumen oil and gas fields. We viewed the export of these irreplaceable resources as a panacea. And nobody, including me, understood that the old adage that nothing corrupts as much as unearned wealth applies to countries as well as individuals.

Why bother developing your science and technology when you can order entire plants from abroad? Who needs to find radical solutions to the food problem when it's so easy to buy tens of millions of tons of grain, and no small amounts of meat, butter, and other produce, from America, Canada, and Western Europe?

Who needs to salvage the dreadfully backward construction industry when there are Finnish, Yugoslav, or Swedish construction companies to

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*Then chairman of the State Planning Commission of the U.S.S.R., Baibakov was an intelligent man, although he was more an engineer than an economist.
build or renovate the most important sites, when you can import the materials in shortest supply—the plumbing and the fixtures from West Germany, the wallpaper and the furniture from other Western countries?

I want to be correctly understood. I do not in any way share the opinion of those in our country who oppose the exportation of oil and other valuable and unrenewable resources as a matter of principle. One has to be realistic. Of course, it's better to export VCRs, airliners, and if worse comes to worst, cars, lathes, and instruments, rather than oil. But if you don't have competitive, high-tech goods or even industrial end products, then there's no alternative.

One must not permit oneself to be lulled into doing nothing because of a temporary state of well-being. The massive exportation of raw materials cannot last forever. One must look upon this opportunity to earn convertible currency as a chance to put one's economic house in order. Of course, this includes special efforts to avoid hunger, but you cannot turn the importation of grain, food products, and industrial equipment into permanent policy. First, the money from oil exports should have been used to modernize critical parts of our agriculture and industry and to develop export branches in finished-product industries that could earn convertible money. But this was not done, largely because of the oil wealth that suddenly rained down on us from heaven; we ended up freezing our efforts to push economic reforms, and canceled the plenum on the technological revolution.

Second, we should have developed this priceless resource more wisely, not at such breakneck speed. We should not have allowed millions of cubic meters of gas to be burned off at the oil fields, poisoning the atmosphere. We should have developed the region and its infrastructure sensibly so that people there could lead normal lives. Aside from increasing oil production, we could have improved processing facilities. We should have built oil and gas pipelines solidly and safely and, once again, with maximum economic effect. We should have followed the same policy of radical energy conservation pursued so successfully in Japan and Western Europe after 1973. In this respect, we were probably the most backward nation in the world.

We were the biggest oil producer in the world, but each year, because of shortages of fuel, we experienced serious disruptions in air traffic and lack of gasoline for even our modest number of automobiles. In addition, we were losing a substantial part of our desperately needed grain harvest because of shortages of fuel for our tractors and trucks. This forced us to sell even more oil abroad in order to import the grain. Here is just one fact that demonstrates the scope of our hidden reserves. The Japanese research organization Torai calculated that if the Soviet "metallurgical" industry were to use the same technology as the Japanese (incidentally, a considerable part of their technology was built on Soviet licenses and patents), the savings in energy would be roughly equal to the whole energy output of the Soviet nuclear-energy industry. I reported this to the leadership, but the Ministry of Metallurgy skillfully put the issue under wraps. This was not during the "stagnation years," but as late as 1988.

At the end of the 1970s and the beginning of the 1980s I and many of my colleagues often thought that western Siberian oil was saving the country's economy. We gradually came to the conclusion that this wealth was seriously damaging the economy, because it was constantly delaying long-overdue reforms. In light of this bitter historical lesson, I began to realize that precious few countries had made real progress and had become prosperous thanks to their abundant natural resources. There are a few exceptions, as in the case of some Persian Gulf countries that have small populations but are very rich in oil and have managed their natural wealth wisely. But these are the exceptions that prove the rule demonstrated in Nigeria, Venezuela, and many other countries that are also rich in oil but have been unable to attain similar levels of prosperity. Conversely, neither Japan nor West Germany nor South Korea, nor many other industrialized or rapidly developing countries have significant natural resources. Our country has an ideal combination of rich natural resources and high scientific and cultural achievements, manpower, and a population that, I am sure, is willing and able to work. The right material and moral incentives must be created, and, of course, entrepreneurship and competition have to be put into play.

Returning to the approaching slump in our economy and in all other spheres of our life, I would like to focus on another characteristic trait of the times—the double-dyed bureaucracy, the arbitrary but flourishing and all-powerful apparat. There was a sharp increase in the number of ministries, and probably a corresponding decrease in their quality and that of their apparats. Our management structures were top-heavy. All
decisions were taken to the very top, but the top could not make a single
decision properly. Each decision required approvals numbering in the
dozens, and sometimes in the hundreds. Besides this, implementing any
government decision once it had been made meant putting it back under
the arbitrary control of the apparent. There were many number of func-
tionaries who could spoil even a good project at any time, and very few
of those were willing and able to help; practically none of them bore any
real responsibility for anything. On the lower management level, the
bureaucratic apparatus grew to incredible proportions. In agriculture
alone the number of bureaucrats hit the three million mark—more than
tall the farmers in America put together! In a word, the economy was
developing not according to the economic laws of socialism, as the high
priests of political economics were proclaiming on every corner, but as
predicted by Parkinson’s Law—in accordance with the selfish interests
of government agencies and the bureaucracy.

**Politics, the State, and the Party**

I think that after Stalin, one fundamental contradiction was becoming
increasingly apparent in our entire political orientation and economy.
The economic model and structure of political power and government
rule that had been created during a time of emergency and under siege
conditions (“hostile encirclement”—was for a long time much more than
a propaganda slogan or an obsessive idea of the leaders) suddenly
found itself existing in a more or less normal environment. Now there
was no war, and the chance of a war’s breaking out was very slight, at
least for the foreseeable future. The postwar rebuilding had been com-
pleted. The hostile “capitalist encirclement”—no longer existed. There
was no longer a godlike Leader whose will, desire, or even whim could
turn everything upside-down.

It then became clear that the existing political system and structure
could not function under normal conditions. Not only that, but the
model of the system, along with its many redundant attributes, was
being distorted, sometimes turned into a political monstrosity. These
features were utterly useless from the point of view of “socialist princi-
ples” or even common sense.

Under these normal, nonemergency conditions, it became increas-
ingly obvious that the political mechanisms we had created were better
adapted to seizing and holding on to power than to governing the state
for the common good and solving problems as they arose. There was no
concealing this reality. The “dualism” of these mechanisms was also
becoming increasingly apparent—their division into bodies that held
real power (the Party bureaucracy, the central agencies, and the penal
arms of the law) and those that were supposed to provide the demo-
cratic façade (the elected soviets, the trade unions, and the public
organizations).

The existing political superstructure drove political life into very nar-
row confines. It simply was not geared to revealing and analyzing soci-
ety’s changing realities or the interests and opinions of various social
groups, or to mobilizing the intellectual potential to solve problems as
they arose. And this was all the more true because the dominant task
of the policymakers was increasingly reduced to mounting an impenetra-
ble defense against change, to preserve the status quo at any cost. This
task completely overshadowed any other. Naturally, that was what the
leadership demanded from the government and the Party structures,
from various levels of the mass media, and from the social and political
sciences, especially beginning in the mid-1970s. All of them helped cover
up the increasingly serious problems with the illusion of stability, suc-
cess, and progress. With this effort, the last little islands of open discus-
sion, of what was later known as glasnost, began to disappear, and the
sphere of secrecy expanded. Each time a debate became unpleasant for
the leadership, new areas were “classified.” After articles on the polIu-
tion of Lake Baikal had appeared and been widely discussed, for exam-
pIe, ecology was declared a classified matter. Censorship became more
severe, particularly because editors, editorial boards, artists’ and writ-
ers’ unions, ministries, and other agencies took the role of censors for
the sake of their own peace and quiet.

Through such policies, the great and powerful apparat of political
power, both Party and government, was placed at the service of prevent-
ing change and preserving immobility and stagnation. As a result, during
An Insider's Life in Soviet Politics

GEORGI ARBATOV

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