

Thirty Years without the USSR (Anniversary or Year)?¹

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*The history of Russia is an eternal struggle
between ignorance and injustice.*

M. Zhvanetsky

Abstract. The paper considers the causes and sequence of events leading to the dissolution of the USSR. It is shown that Soviet leaders and their entourage have not been able to take full advantage of the planned system of management of the national economy, much less to adapt it to the rapidly increasing and escalating challenges of the new era. An analysis of the results of the post-Soviet economic development of the States emerging from the collapse of the USSR shows mixed results.

Keywords: soviet project; planned economy; the collapse of the USSR; CIS countries; economic growth; international comparisons

Introduction

Once in the early 1980s, within the framework of the “Znanie” society (recently recreated), one of us had to give a lecture in a respectable construction organization in Novosibirsk Akademgorodok on the topic of, as they called it then, “internal party politics”. Let’s underline: the event took place not in a remote village, but in one of the intellectual centers of the country. After the lecture a discussion ensued and the conversation turned to the painful topic of meat supply. (Especially for young people: meat was very scarce in stores at the time.) Speaking in the debate, one of the women, an engineer, frankly and literally with a shiver in her voice exclaimed: but if we have problems with meat, then it is impossible to imagine what is happening in America. The lecturer chose to restrain himself from commenting.

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It is with such ideas – what we have and what they have – heavily implanted literally from the age of October, carefully guarded in all ways throughout life, excluding the slightest doubt, and managed to survive more than 70 years of the great utopian idea, at least for the conditions of the XX century.

The way it was (a chronicle of events)

Thirty years ago – December 26, 1991 – the Council of Republics of the Supreme Soviet of the USSR adopted a declaration, which said that “in connection with the creation of the Commonwealth of Independent States, the Union of Soviet Socialist Republics as a state and subject of international law ceases to exist”². The legitimacy of this decision is still being debated. But fundamental transformations in society rarely take place within the framework of the right. Legitimately or not fully, the terminus of the 69-year project of the existence of the USSR was reached³.

The political assessment of this event was given by the President of the Russian Federation: “The collapse of the USSR is the biggest geopolitical catastrophe of the century”⁴.

The adoption of the historic declaration, which consolidated the de jure status quo in many respects, was preceded by truly dramatic events. The day before President Mikhail Gorbachev, in an address to the Soviet people, announced the cessation of his activities as President of the USSR. A little earlier, on December 8, the leaders of Russia, Belarus and Ukraine, without the knowledge of the Center, signed the so-called Belovezhskoe Agreement, which declared the termination of the existence of the USSR and proclaimed the creation of the Commonwealth of Independent States (CIS)⁵. Two weeks later, on December 21, eight more republics joined the agreement. The collapse of the Soviet Union became a reality.

² Declaration on the Establishment of the Commonwealth of Independent States of December 26, 1991 № 142-N <http://vedomosti.ssr.Su/1991/52/#1561>

³ The Union of Soviet Socialist Republics was formed on December 30, 1922, by merging the RSFSR, the Ukrainian SSR, the Byelorussian SSR, and the Transcaucasian SSR into one state with a single government with its capital in Moscow, while de jure retaining for each union republic the right to freely secede from the Union.

⁴ Message of the President to the Federal Assembly of the Russian Federation. 25.04.2005. URL: <https://rg.ru/2005/04/25/poslanie-text.html>

⁵ Source: <http://www.rusarchives.ru/statehood/10-12-soglashenie-sng.shtml>. Source: <http://www.rusarchives.ru/statehood/10-12-soglashenie-sng.shtml>. Date of publication: 8 December 1991.

A year before, by December 15, 1990, all the Supreme Soviets of Union republics of the USSR had adopted the Declaration of Sovereignty, and on December 24, 1990 the deputies of the IV Congress of People's Deputies of the USSR decided to consider preservation of the USSR as a renewed Federation of equal sovereign republics. The Congress also adopted a resolution to hold an all-union referendum on preserving the renewed Union as a federation of equal sovereign Soviet Socialist Republics⁶.

The All-Union referendum, the only one in the country's history, was held on March 17, 1991. The only question asked was: "Do you consider it necessary to preserve the Union of Soviet Socialist Republics as a renewed federation of equal sovereign republics, in which human rights and freedoms will be fully guaranteed for all nationalities? The population of six republics (Lithuania, Estonia, Latvia, Georgia, Moldavia, and Armenia) did not vote, because their higher authorities refused to hold a referendum.

In the rest of the republics, the average attendance was 79.5%; 113.5 million people (76.43%), having answered "Yes", supported the preservation of the renewed USSR. The scatter of these data by republics is minimal.

According to the results of the referendum, the working group within the framework of the so called Novoogarevsky process in spring-summer of 1991 worked out a draft of the Federation treaty "On the Union of Sovereign Republics"⁷, the signing of which was scheduled for August 20. But it never took place because of the attempted coup of August 19–21, 1991, which went down in history as the August coup.

In the fall of 1991 Mikhail Gorbachev tried to revive the New Year process. A preliminary signing of a new draft treaty to create a "Union of Sovereign States" as a confederation was scheduled for December 9. However, the authority of the USSR president was already seriously undermined. The balance of power changed, and on December 8, the leaders of the three republics signed the Belovezhskoe Agreement.

⁶ Decree of the USSR National Assembly No. 1856–1 of December 24, 1990 "On Conducting a Referendum on the Union of Soviet Socialist Republics" // *Vedomosti of the USSR National Assembly and the Supreme Soviet of the USSR*. 1990. No. 52. art. 1161.

⁷ The Treaty on the Union of Sovereign States // *Soviet Russia*. – 1991. – № 159 (10610). – 15 August.

Subsequently, the Presidium of the Supreme Soviet of the Russian Federation acknowledged attempts to resume the activities of any bodies of the former USSR on the territory of Russia as an encroachment on its state sovereignty and incompatible with the status of the Russian Federation as an independent state⁸.

Near and Far Origins

What led to such an ignominious end to the great – few would dispute this – idea of building a “state of workers and peasants” on 1/6 of the land? It is impossible to answer this question outside of the general context of Russia’s historical path.

The historical path of each state is unique, but Russia has, perhaps, more unique features than most others. At the beginning of its formation, unlike many European and Asian states, Russia was characterized by soft spatial constraints and a relatively harsh climate. These factors of space and climate contributed to the formation of passionate vector in the self-consciousness of its inhabitants, and their combination, obviously, benefited the creation and strengthening of the state. Large territory is a good defense against aggressive neighbors. The ability to retreat inland allows you to save human potential, regroup available resources and subsequently repulse the invader.

The possibility and necessity of the expansion to Siberia and the Far East which became a significant factor in the strengthening of the Russian state could not help forming a special type of national character. If colonial policy of the European states was directed on capture of overseas territories with the purpose of appropriation of their resources, so Russian pioneers mastered east lands not with the purpose of robbery, but in interests of strengthening the statehood.

A task of such scale and complexity cannot but give rise to an ideology justifying it. The movement to the east was justified not only by the desire to replenish the Russian treasury, but also by the belief that the spread of Russian culture and economic practices would promote the development of peoples living there. The integration

⁸ Resolution of the Presidium of the Supreme Soviet of the Russian Federation of March 11, 1992 № 22493-I “On the intention of some former People’s Deputies of the USSR to re-create the structures of the collapse of the Soviet Union” // *Vedomosti SND and the Supreme Soviet of the Russian Federation*. 1992. № 12. March 19. – Art. 655; All-Union referendum on the preservation of the USSR.

of the local population into the economic life of Russia, in turn, strengthened its power.

Thus, the very history of creation of the Russian state has formed in a certain way messianic type of thinking of its citizens: the Russians are ready to fight and even sacrifice themselves in order to spread the system of values, correct from their point of view.

That is why the overarching idea of the communist project, whose inevitability was theoretically proved by Marxists, was so close and so comprehensible to Russian society. The presence of a party ready to implement this project as an alternative to the rapid degradation of the Russian state in the face of what seemed to be an endless World War made the attempt to bring it about almost inevitable.

This is not to say that the “Soviet Union project” was unsuccessful. The British *The Times*, which nobody would suspect of sympathy for the Soviet Union, in its obituary to Stalin gave a now-classic evaluation of the Soviet project: “The essence of the truly historic achievement of Stalin is that he took Russia with a sokha and left it with nuclear reactors. He raised Russia to the level of the second industrialized country in the world”⁹.

Indeed, at the end of its existence in 1990, the GDP of the USSR was 2660 billion dollars, the U.S. – 5963 billion dollars, and world GDP – 22762 billion dollars¹⁰. That is the contribution of the Soviet Union in world GDP in 1990–11.7% – was more than today for Japan (the third economy in the world – 5.8%)¹¹.). When calculated in terms of purchasing power parity, the results of the USSR, obviously, would have been even more impressive. Simple enumeration of the Soviet achievements in education, medicine, culture, industry, space, nuclear energy, and their impact on the course of world development would have taken more than one page. Nevertheless, in 1991, the USSR ceased to exist. Why?

The literature devoted to the collapse of the USSR is vast¹². Let us note the works of G.I. Khanin [Khanin, 1991], A. Belousov [Belousov, 2000]. Yaremenko [Yaremenko, 1999],

⁹ The Encyclopedia Britannica. Vol. 21. P. 303. Article Stalin.

¹⁰ TheWorldBank. <https://data.worldbank.org/indicator/NY.GDP.MKTP.CD?locations=US&view=chart>

¹¹ World Economic Outlook Database. Report for Selected Countries and Subjects (imf.org)

¹²At eLibrary.ru there are more than 420 monographs whose titles or abstracts contain the phrase “collapse of the USSR,” and more than 3,600 journal articles.

Birman [Birman, 1983], Pikhoya [Pikhoya, 2000], Nureyev [Nureev, Latov, 2016], Ostrovsky [Ostrovsky, 2011], Vdovin [Vdovin, 2019], Popov [Popov, 2009], Yakunin [Yakunin et al, 2009], E. G. Yasin [Yasin, 2009], B. G. Bazhanov [Bazhanov, 2020]. Without the task of generalizing different, often opposing points of view, let us dwell on what seems to be the most important reason of the national tragedy – the departure into oblivion of the ideology and the state that embodied it, in which millions of people not only believed, but also died for.

After the fact it is of course much easier to identify the causes that led to this or that consequence than in the course of the analyzed historical process. But it is necessary, because, in the words of M. Lomonosov, “the people who do not know their past has no future”. In the context of this article, let us allow ourselves to “correct” the classic: “...who does not understand his past...”.

The fundamental theoretical problem of the Soviet period, which quickly became fixed/stiffened in ideology, was the opposition between the conscious beginning in the management of social activity and the spontaneity of the market. It was thought that conscious management of social development was more effective (and just) than spontaneous. To realize this approach, it was necessary to abolish private property (and with it – element of market) and develop according to plan.

The dogmatization of the orthodox understanding of the principle of conscious management of the economy eventually ruined the Soviet project. The practice of socialist construction quickly demonstrated that quality planning on the whole front – from blast-furnace construction to button manufacturing – is both impossible and ineffective.

World practice has shown that the strength of the conscious principle of economic management is not in the breadth of the objects of planning, but in the depth of the implementation of this approach to management. Thus, in modern Chinese practice the planned principle is a clear understanding of the goals of national development and the use of the power of the state to create favorable conditions for business to implement them. Market forces are the means that the state can and must use as a tool to improve the efficiency of costs in the process of achieving consciously set goals.

This approach requires high quality of management. Even a slight shift of balance between conscious and market principles of

management quickly leads to the dominance of one of them. The victory of the first leads, as we have seen, to what the Soviet Union came to; the second – to the transformation of the national economy in the periphery of the global. Soviet leaders did not even raise the question of the possibility of using market forces in socialist construction, let alone trying to keep the balance considered.

To keep the balance means to delegate the right to make operative business decisions to the market, represented by certain economic entities, while retaining the strategic management, which automatically means the revision of property relations. Such delegation requires a deep knowledge of the theory of management systems, strategic planning, the ability to combine the interests of various participants in economic activity, the ability to create and maintain a system of incentives that motivate the various actors to work effectively¹³. The Soviet leadership was not prepared for any of this, which predetermined both its fate and the fate of the state it created [Mechanic, 2021].

Russia against the background of the former socialist republics (economic and demographic aspects)

So, since the beginning of 1990s the former Soviet Union, its peoples and authorities found themselves in a new not only geopolitical, but also economic reality, quite unexpectedly. Economic activities were no longer subordinate to the directives of the State Planning Committee and the State National Security Committee. Along with recreating the institution of private property the market with its strict laws of supply and demand became the center of regulation and coordination of economic relations. In contrast to the fate of the Soviet Union, the prospect of transition to capitalism was not put up for a referendum.

Fundamental change of landmarks, fundamental reference points in politics, economy, ideology, legal norms couldn't help but produce deep shock effects. These shocks, though in different degrees, touched all the former Soviet republics that became independent sovereign states.

¹³ The problem of motivation is discussed in detail in the article by I.K. Lavrovsky "The Economic Transformation of the Soviet System in the 1980s-1990s: Sources of Capital and Power" in this issue.

For reasons that are not discussed here, the adaptation of some former republics to the demands of the national and world market was less painful, while others were more painful. Our task is not so much to assess, as to state the results of development of new states and, first of all, Russia in the post-Soviet period by a number of important economic and social parameters within the framework of comparative analysis¹⁴.

One of the most important indicators of social development is population dynamics. The results are different: in nine out of fifteen countries the population has been decreasing during the post-Soviet period, and in some cases significantly (migration outflow + natural decrease). The other six states with predominantly Muslim populations (Azerbaijan, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan) have seen an increase (in Kazakhstan since 2010).

The population of Russia was gradually declining from a maximum of 148.5 million in 1992 to 142.7 million in 2008. Subsequently the trend has changed, but since 2019 the decline has resumed. In 2020 the figure is 144,1 million people.

Data on life expectancy for men and women in the Russian Federation over a long retrospective period are shown in Figures 1 and 2.

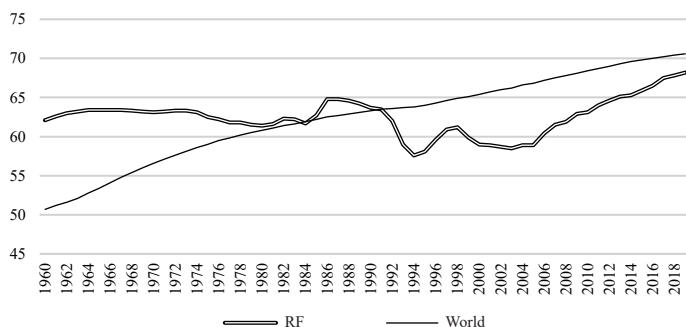


Figure 1. Male life expectancy in 1960–2018, years

¹⁴ All further calculations are based on World Bank data – DataBankWorld Development Indicators. <https://databank.worldbank.org/source/world-development-indicators>

The life expectancy of men on average in the world, lagging noticeably behind the Russian indicator in the early 1960s, has been consistently increasing during the period under review. Dramatic decrease of this index in Russia from 64,8 years in 1987 to 57,6 years in 1994 led to its long and unsurpassed lagging behind the world average.

In terms of male life expectancy, Russia ranked 7th among former Soviet republics in 1960 and in 2019—11th place.

The difference in life expectancy between women in Russia and the world, so substantial in the early 1960s, gradually decreasing, became almost imperceptible by 2003–2005. Subsequently, the Russian advantage began to grow again, but did not reach a new quality.

In 1960 Russia ranked 6th among the USSR republics by life expectancy among women (70.2 years), in 2019 – also 6th place (78.2 years).

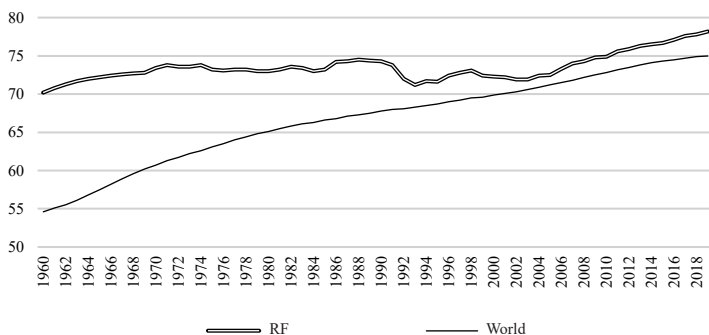


Figure 2. Life expectancy of women in 1960–2018, years

The dynamics of per capita GDP taking into account the purchasing power parity (PPP), incorporating economic and demographic aspects, is, perhaps, the most general and correct measure of both speed and results of economic transformations.

Let us note fundamentally different starting positions of the newly formed independent states (former Soviet republics). If we take the per capita GDP of the Russian Federation (calculated in current world dollars, PPP) for 100%, then according to the estimates of the World Bank experts in 1990 only in Kazakhstan the given indicator slightly exceeded the Russian one. The results in other republics were lower,

and in many republics significantly lower (there is no data for the Baltic republics in 1990).

Per capita GDP growth rates over 30 years in the post-Soviet space were different: on the whole, they failed in the last decade of the twentieth century and were quite high in the following twenty years. Nevertheless, by 2020 per capita GDP (PPP) exceeded the Russian figure only in the Baltic republics. Over the past 30 years Armenia and Belarus managed to reduce their lagging behind Russia in per capita GDP (although it remains quite significant). With most other states, the gap is widening (Table 1).

Table 1. Relative characteristics per capita GDP of 15 countries in 1995-2020.

Country	Per capita GDP growth index (constant international dollars 2017, PPP), 1990 r. - 100% *)				Per capita GDP (current international dollars, PPP), RF - 100%				
	1995	2000	2013	2020	1990	1995	2000	2013	2020
Azerbaijan	39	52	189	177	67	42	50	66	51
Armenia	58	78	206	243	35	32	39	38	47
Belarus	65	91	211	215	65	69	85	73	72
Georgia	29	44	105	127	71	34	45	41	53
Kazakhstan	63	76	176	188	103	106	113	94	95
Kyrgyz Republic	49	60	90	91	32	25	27	16	18
Latvia *)		135	262	315		98	118	87	113
Lithuania *)		130	269	345		105	124	102	137
Moldova *)		89	172	216		57	45	32	46
RUSSIAN FEDERATION	62	68	123	125	100	100	100	100	100
Tajikistan	35	32	68	89	33	19	15	12	14
Turkmenistan	55	64	159	211**	68	60	63	49	55
Uzbekistan	73	82	160	205	31	37	37	23	26
Ukraine	48	46	80	74	91	71	60	41	46
Estonia *)		140	233	280		115	138	106	136
World	103	115	154	168	69	117	117	56	61

Note. * for Latvia, Lithuania, and Moldova 1995. – 100% ** Assessment

How it turned out that per capita GDP of the Baltic countries, which are not famous for either their mining or manufacturing industry, significantly exceeded Russian indicators is the subject of

a separate discussion. Here we should also note that the majority of other former Soviet republics, if they benefited from independent swimming, it was not in terms of reducing differentiation of GDP relative to each other and especially to Russia.

Russia, having survived hard the consequences of the collapse of the Soviet Union, was losing its position in this regard only until 1998. In 2003 it exceeded the world average. Thereafter the gap only increased with minor bounces in the years of crises (Fig.3).

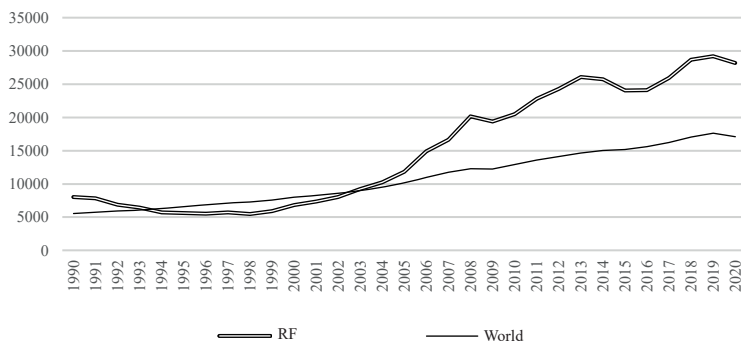


Fig. 3. Per capita GDP in Russia and in the World in 1990–2020, current international \$, PPP

Let us now have a look, at the correlation data concerning per capita expenses on the final consumption¹⁵. The data concerning the Russian Federation and the world are shown in figure 4.

¹⁵ Final consumption expenditure of households and non-profit institutions serving households (NPISHs) is used in international statistics as an indicator of final consumption expenditure. It includes expenditures on final consumption of households and non-profit institutions serving households (NPISHs), which includes two main types of NPISHs that provide goods and services to their members or other households for free or at (economically) insignificant prices: trade unions, professional and educational associations, political parties, churches and religious associations, cultural, entertainment and sports clubs, and charitable organizations.

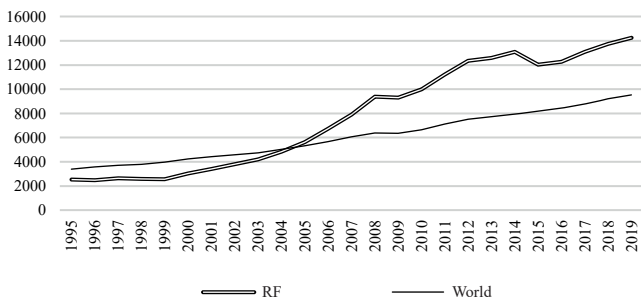


Fig. 4. Per capita expenditures on final consumption in Russia and in the world in 1995–2019, current international dollars

Having overcome by the mid-2000s a noticeable lag from the global average, by the end of the period consumption expenditures in Russia had surpassed it by 1.5 times.

Among 11 states (Lithuania, Estonia, Latvia, the Russian Federation, Belarus, Armenia, Moldova, Georgia, Azerbaijan, Ukraine and the Kyrgyz Republic), for which data are available, Russia ranked fourth in this indicator in 2019, significantly behind the Baltic countries and noticeably ahead of the rest.

Conclusion

The regime established after October 1917 could exist only on the basis of a pristine, unquestionable, single-right ideology. Even the slightest doubts could not help but arouse extremely harsh rebuffs.

The orthodox Communists were right to see the Dandy boys and their tight pants, jazz music, and other “bad stuff” as a threat to the primitive, tribal ideals and values society had instilled since childhood. “Today you play jazz, but tomorrow you will sell your motherland!” The foundation of the regime – no compromises, who is not with us...

If you loosen your grip a bit, if you blunt the “steel sword of revolution,” the regime begins to inevitably lose its basic reference points and revolutionary energy. N. S. Khrushchev understood this and immediately put a brake on the thaw that had begun. The Helsinki Agreement, signed by Leonid Brezhnev in 1975, with its humanitarian basket, human rights and freedoms, was later effectively trampled

by the well-known tools of medical psychiatry against dissenters. Today, few people remember the Jesuit formula of the second half of the 1970s and early 1980s: you are entitled to have any opinion you want, but you are not entitled to divulge it.

M. C. Gorbachev and B. N. Yeltsin went all the way.

At the same time, the post-Soviet experience of independent existence of the former Soviet republics is no less indicative than their common past. Indeed, in 1995 per capita GDP of all post-Soviet countries without exception was below the world average. In 2004, Latvia, Lithuania and Estonia joined the EU. The rest of the post-Soviet states entered various amorphous, political rather than economic formations. More or less pronounced economic integration (relatively close economic ties) is maintained between Russia, Belarus and Kazakhstan. The per capita GDP of these countries in 2020 was noticeably higher than the world average.

The price of economic independence of the other states was high. The per capita GDP of all of them is lower, some of them quite significantly below the world average. Moreover, Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan, as well as Ukraine, Azerbaijan and Georgia have lagged behind the world average per capita GDP for the past 30 years, not decreased, but increased.

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