

*Having overseen policies aimed at the political and economic restructuring of the Soviet Union, former president Mikhail Gorbachev is credited as one of the architects of the end of the Cold War.*

*Gorbachev discusses the end of the Cold War, the economic restructuring in Eastern Europe and the Soviet Union, and the opportunities and perils of globalization.*

## **The Impetus for Change in the Soviet Union**

INTERVIEWER: What was your diagnosis of what was wrong with the Soviet economy, and what did you hope to do about it?

MIKHAIL GORBACHEV (via interpreter): Well, perestroika—that is to say, restructuring of the Soviet system—was not an idea born from scratch. It was not some revelation of mine or a dozen other people. It came about because our country, our society, which was a very well-educated society, one of the best educated societies, already rejected the system of total control, of suppressing dissidents and such like. The lack of freedoms was being rejected at the cultural level. The people had outgrown the system; that was quite clear. We knew what kind of country we had. It was the most militarized, the most centralized, the most rigidly disciplined; it was stuffed with nuclear weapons and other weapons. It was possible to do things in a way that could have led to civil war and to the destruction of the world. In a chaotic situation, one nuclear submarine could have caused havoc. So we had to act very seriously. So the domestic reasons for reform were very important, but just as important were personal and private reasons, because people felt unfree. They felt that they could not take the initiative, and that was extremely constraining for the individual.

There were two other important aspects. The first was the structural changes in foreign countries. In the Soviet Union, those structural changes were being postponed or deferred indefinitely. And that was because our system was so cumbersome that it was not capable of reacting to the challenges of the science and technology revolution. Therefore it was clear that we needed to change. We needed to move toward new ways of management and decentralization. We needed to have plans only in major strategic areas to achieve certain major goals, but all the rest should be decentralized and done in accordance with the needs of the people and society. It was a shame, and I continue to say that it was a shame, that during

the final years under Brezhnev, we were planning to create a commission headed by the secretary of the Central Committee, [Ivan V.] Kapitonov to solve the problem of women's pantyhose. Imagine a country that flies into space, launches Sputniks, creates such a defense system, and it can't resolve the problem of women's pantyhose. There's no toothpaste, no soap powder, not the basic necessities of life. It was incredible and humiliating to work in such a government. And so our people were already worked up, and that is why the dissident movement occurred.

And in addition to open dissidence, people who protested openly, who demanded democracy, and demanded that the monopoly of the Communist Party be ended—people who paid with their lives, who sometimes were imprisoned or had to spend time in mental hospitals—in addition to that, there was a lot of similar sentiment among our scholars, scientists, and inventors who had many discoveries that were not used. And that kind of protest was also very important, because it affected all spheres of life at various levels. So their pressure, their memoranda played an important role. I remember under Andropov [Yuri; general secretary, 1982-84] we started to really consider those proposals. I still have a 110 memoranda from our outstanding scientists and others. They called for immediate reform.

So our society was pregnant with the idea of reform. But there was also the international aspect of our problems. We could only solve our problems by cooperating with other countries. It would have been paradoxical not to cooperate. And therefore we needed to put an end to the Iron Curtain, to change the nature of international relations, to rid them of ideological confrontation and particularly to end the arms race.

And another imperative, the number one question for the survival of mankind, something that we knew very well, if our arsenal and the American arsenal were to be used, we could destroy mankind 1,000 times over. You mentioned my first meeting with Margaret Thatcher in December 1984, when Chernenko [Konstantin; Gorbachev's immediate predecessor as general secretary] was still alive. I went to Britain and talked with Mrs. Thatcher for several hours. We had a very open dialogue and discussed this problem as well. I showed her a kind of diagram with 1,000 little squares, and every little square represented 1,000th of the nuclear weapons accumulated in the world by that time. And every square contained enough to destroy life on earth. So life on earth could be destroyed 1,000 times over, and the arms race continued.

What could we destroy? We could destroy ourselves. So it took a new generation, a generation that was free of dogma; people of the postwar generation, men and women of the 1960s who were fired up by the 20th Congress of the Communist Party, Khrushchev's secret report, and the criticism of Stalin. The Soviet thaw, as you remember, [began] when people were leaving universities and starting active life. So those various movements and trends combined and resulted in a peaceful revolution, a peaceful change of leadership, and then the policy of perestroika.

So that's how I would sum it up, sum it up briefly, because this was the most important analysis on the basis of which we decided whether we should start reforms, whether we should start perestroika. Starting reforms in the Soviet Union was only possible from above, only from above. Any attempt to go from below was suppressed, suppressed in a most resolute way. And therefore a reformist leadership was necessary, and that leadership came in 1985 when we started to lay down our plans for our country, perestroika and new thinking for the International Community. The new thinking postulated [that] we are one planet regardless of confrontations, ideological and physiological struggles; we are one planet, one human civilization. There are others living in the world, so why should we act in a way that could blow up our planet, our spaceship Earth? Writers, intellectuals, and others as a result of glasnost could speak out freely and openly, could call a spade a spade. This entire mechanism was set in motion, and as a result, in February 1986, less than a year after my coming to power in our country, at the 27th Congress of the Communist Party, we said as a result of summing up our thinking, our analysis, our conclusions, we stated that the world, even though there were many conflicts and contradictions, is interrelated, interdependent, and that the world is becoming increasingly a single whole. And if we are one, if we're all a single whole, if we are all mutually interdependent, then we must act differently. That was one of the most important points of departure in thinking about the future. It was very important for developing our plans, for developing domestic policies and particularly foreign policy.

### **"Shock Therapy" in Poland and Russia, and Yeltsin's Mistake**

INTERVIEWER: When you saw Poland, after the victory of Solidarity, adopt shock therapy as an economic policy, did you think that they had an idea that could be applied to the Soviet Union? Or was the Soviet Union a very different situation?

MIKHAIL GORBACHEV (via interpreter): Well, we recently had a meeting with Mr. Jaruzelski, Gen. Jaruzelski [Wojciech; Polish Communist Party leader 1981-89, president of Poland 1989-90], who attended my 70th birthday. And then we met again to set up a political kind of Davos. There is, of course, the economic Davos summit, and now we are creating in Italy at the Mont Blanc forum a world politics forum which will be a kind of political Davos. And together with Gen. Jaruzelski, we were remembering the past. And without an attitude of goodwill on the part of the Soviet Union towards Poland, Jaruzelski wouldn't have succeeded in the transition. The Poles underestimate what Gen. Jaruzelski did for the country in 1981. When he imposed martial law, he saved the country from chaos. It was a kind of umbrella. He made it possible for the democratic process to develop in Poland. And perestroika was his real opportunity. So first of all it was dialogue, then the Round Table, and then the elections. He was elected president; then Walesa was elected president. It was a normal controlled and guided process. But the understanding was that Solidarity is the people, is the working people. If people want change, we have to accommodate their wishes rather than act in accordance with the wishes of the nomenklatura, of the bureaucracy. So Poland was definitely a pilot project, and the fact that reforms started there was significant.

But please understand no country, no country, can repeat the reforms of another country. Any model, even a perfect model, should take into account the face of development of a particular country, its possibilities, its economic possibilities, its social situation. Every country should conduct its own reforms, should develop its own model taking into account the experience of other countries whether close neighbours or far away countries. There were certain things in the Polish reforms that were useful to us, particularly the overall commitment to market economics, a choice of transition to a market economy. But the situation was quite different there. First of all, in Poland they still had certain market experience even under the socialist system. They still had private property in agriculture; they sold their produce in farmers markets. In the Soviet Union it was all state or so-called cooperative property. Everything was regulated according to plans. It was very strict, and we did not have a market to which people could bring products and exchange products. Prices were set very rigidly, both in industry and in agriculture for collective and state farms. So the situation was very different. The Polish experience was not directly applicable. And even though Poland also had a big military sector, a lot of military orders and defense orders, it was not comparable to the Soviet Union, where half the economy, and some people believe more, worked for the defense sector. It's quite a

different story. Of course you cannot make a transition promptly for the defense sector to market economics, because that sector is totally dependent on state orders. And therefore shock therapy, immediate shock therapy in our country, would have been a mistake.

Incidentally, whereas perestroika was a reform that was aimed at evolutionary change, political change, creating an infrastructure for market economics, creating a legal base, a legislative base for the market, it all required regulating, adjusting, training personnel capable of working in a market. We had several generations that had had nothing to do with the markets. You cannot just announce markets and then the markets would emerge over night. And therefore we believed that perestroika could not accept this kind of overnight approach. We believed that it was necessary to have 10 to 15 years at best. I was even saying it will take a generation, and then the mechanism would start working. What did Yeltsin do? Yeltsin broke up the country, using Russia to break up the country. He speculated on people's wishes. He said we'll do it within one year; we will conduct very good reforms, very rapid reforms, and in one year we'll begin to grow, and within three or four years we'll be among the three or four most prosperous nations in the world. I was really amazed at this kind of irresponsible deception of the people. He probably believed what he was saying because he didn't have the vision to start a different kind of reform. And so they just said, "Well, the markets will solve everything. The market will put everything in place."

And, well, Yeltsin did use his kind of shock therapy, and he began in the most developed republic of the former Soviet Union with a lot of possibilities, but it was not ready. Russia was not ready in terms of personnel, in terms of law, and shock therapy resulted in a drama and a tragedy for millions of people. Now, after 10 years of Yeltsin, people finally said Yeltsin had to go. Yeltsin brought the country to a dead end. Two-thirds of the people live in poverty. We have a shorter life span, greater mortality, the population is decreasing, industrial production is one half of what it used to be, scientific centers are being destroyed. It's incredible. Putin, therefore, has a difficult legacy.

That's shock therapy applied in a stupid way. In some countries it is possible and necessary, but it should be well prepared. By the way, Poland did not immediately succeed with its shock therapy. After Balcerowicz [Leszek; former minister of finance of Poland, 1989-91, 1997-2000], serious additional reforms were made, and Poland is now really moving in a stable

way. The International Monetary Fund and others also wrote off 50 percent of Poland's debts, so you can see that is also a factor. So it's not as simple as journalists often present it or politicians or some analysts present it, where it's very superficial. Shock therapy, they say, is the way to go; it will save. But no, it does not save. You have to do everything in a very serious and substantial way.

### **The Inequalities of Globalization and the Need for New Rules of the Game**

INTERVIEWER: We were just in Quebec City this weekend filming the protests. A lot of people have said that globalization is the triumph of capitalism. What's your sense of what's happening, what's happened in the '90s, and what globalization means?

MIKHAIL GORBACHEV (via interpreter): I think you should bear in mind the aspects that were of decisive importance before the development of the process of globalization, a really powerful trend. I can say today that globalization is the predominant feature of the development of today's wealth. Globalization, on the one hand, is the result of long-term progress, a long-term process. The world economy always tended toward global exchanges, global links in different forms. It was happening long before. Now this has really become global, because today we can use the telephone to make any kind of bank transfer or call anyone in any corner of the world. So first of all it's the result of progress, and particularly progress in IT, information technology and telecommunications. The problems of a global economy could not have been addressed without such means of telecommunications when decisions on finance are taken anywhere in the world. Any person who takes a decision concerning investment of finance, the person could be in the Bahamas or at Palma de Mallorca, and he can decide about his finances, order something, give the command, and that command is implemented immediately. Three hundred billion dollars circulate daily. Only 5 to 7 percent do that in the service of actual trade exchanges; the rest is just financial operations. So telecommunications and now the Internet have made globalization possible. So first of all, globalization is the consequence of progress in science and technology.

But why has globalization gained such momentum in the past 10 years? Well, let me tell you. Because the confrontation has ended. The Cold War has ended. The barriers had been removed. There were no longer the same kind of obstacles, and after that globalization really exploded and gained momentum.

Now, what happened to globalization over the past years is something that you need to evaluate. What kind of process is this? On the one hand, it's an objective process.

Globalization should not be condemned, should not be vilified; it's an objective process. Where is it going? Who is benefiting? Who is winning? Well, that depends on the policy of globalization. When the entire world economy opened up and the barriers, the national borders, tariffs, barriers, and other obstacles were removed, then those who had better starting conditions, start-up conditions, benefited, particularly the transnational corporations. They were the first to say, "Down with national borders." They did not say at the same time who would be paying the pensions, who would be taking care of education, of older people, of the environment. They don't want to see that responsibility. Nation states are responsible for that. So they will actually boost the mechanism that gives them all the benefits and makes them richer, while the social responsibility will be on nation states. That is not good, and some transnational corporations understand that, and they are working together with nation states and governments, and they are working on issues such as employment, jobs, education, the environment. You cannot outsmart real life.

But the whole process is not well adjusted. Why do people protest against the World Trade Organization? Well, it's because that is the organization that can either set the rules or have a situation where there are no rules. I really don't like it when I see that in Quebec the leaders say the economy should be open, free trade, openness, etc. But what about the future of national economies if the economies just open and that's it? What is going to happen?

Well, what we have seen during this past 10 years is that the strong economies facing the possibility of recession would like to solve their problems by an increasing openness of the international economy by using other weaker economies. What is going to happen in those weaker countries? The world is no longer atomized. The world is no longer fragmented. The autonomous development of states used to be possible without much regard for international links, but that is no longer possible. And when weaker countries lose, that concerns us if we don't think about the Third World and the Fourth World, which is a reality already. It's not just for reasons of humanity, although the humane reasons are very important, but also because you have to think about yourselves. You have to think about yourselves, ourselves, because now a lot of production, particularly light industry, consumer goods industries, are in those countries where there is a lot of unskilled labour, while all the technologies are here.

How many tracksuits and shoes have to be made in Vietnam in order to create one computer center, let's say here in this country, just the cost of hardware? Well, it would take half a year in the Vietnamese economy to work, to pay for that. We take a lot of raw materials and agricultural products from those countries, so we are interdependent, and not to understand that would be a very unthinking policy. We cannot solve the problems of advanced economies by what I call legal plunder, by plundering those countries in accordance with the rules that allow the metropolitan centers to solve their problems while possibilities of social explosions accumulate in other countries.

What is happening in Quebec is a signal to the politicians that people don't accept this kind of globalization, and therefore we should say, very openly... and by the way, I said in 1988 speaking at the United Nations that the problem of poverty and the problem of the gap between the poor countries and the advanced countries is a global problem. Without solving it we cannot have a stable prospect. It would be irresponsible, and I was interested that 1 percent of GDP of advanced countries could go to help solve the problems of poorer countries. We thought that by ending the arms race we would release money to help those countries, to develop industry there and to develop new technology there, in what is now the periphery of the world economy. This did not happen. All the money is in the advanced countries. The gap between the rich and the poor has grown after the Cold War. It is more now than during the Cold War.

So we should think about that. Without that we would just have the selfishness of advanced countries that people will reject, that people will protest against. We need ground rules. We need not just ground rules; we need really comprehensive programmes to support poorer countries—a new Marshall Plan for the Third and Fourth World in the interest of the metropolitan centers, in the interest of the advanced nations. Without such a plan for the Third and Fourth World, we'll not have a stable prospect for the future.

I believe this is necessary, because even forgiving debt to poorer countries, to backward countries, even that alone will not solve the problem. Let us say that has been forgiven, but they still face the same problems: technology, development, employment, education, personnel training. You need a comprehensive set of measures. Where do they get the money for this? Well, by going into debt again. So we need comprehensive programs for major

regions of the world, for billions of people who are one-third at least of mankind. Imagine, two billion people, and those are the raw-material areas. Imagine how important it is.

And also within advanced countries problems are quite acute. Globalization today is based on efficiency alone: Social programs, we can do without them; environmental programs, we can do without them, etc., etc. But a Gallup poll recently indicated that 52 percent of Americans want environmental requirements to be taken into account in America—and their environment is in relatively good shape. The U.S. government has recently said that it will not comply with the Kyoto Protocol concerning emissions and atmospheric pollution. Well, an advanced country, a democratic country, a country that we are trying to use as an example, is showing this kind of example. Well, as president of Green Cross International, I know what the environmental situation in the world is. So with that kind of approach, well, I think that that is a very limited, narrow-minded approach, an approach that could have very serious negative consequences. Politicians are not fulfilling their duty, not fully complying with their duty, and that's why at the State of the World Forum last year, last September in New York, which was parallel to the Millennium Summit at the United Nations, at our State of the World Forum that represented civil society organizations from many countries of the world, I said, "I see that the politicians are not coping with this task, and therefore we should create institutions for interaction with our political leaders, in order to make sure that they don't make mistakes for which the world will pay." We must not wait for people to start trying to solve problems by throwing stones. I believe that at our level of culture and education and thinking, we should find a different way. We should discuss this, and that's why we will be setting up a commission on globalization. And the next forum here in the United States will approve—I'm sure will approve—of this commission, and very major people such as George Soros, for example, are working very actively with us. He's working with us on the philosophy policy of globalization from the standpoint of people of the world, of citizens of civil society. Mr. Sweeney, John Sweeney [of the] AFL-CIO, will also be working with us, and I'll be meeting him shortly.

So the fact that in Quebec the leaders were trying to dismiss those who were knocking on their doors and windows, well, of course in addition to thoughtful protest by the people who are concerned by possible errors and plunders for which people will be paying the price, there were also some hooligans and troublemakers there. But we're not speaking about troublemakers for the sake of troublemaking. There are serious people who understand the

situation, who understand the different regions of the world, who come together in order to say that they are concerned, that they are alarmed. And the information media is monopolized by big capital, and they feel that the information media is not listening to them, and therefore people are uniting, I think it's a natural process, and those who are committed to democracy and freedom should reckon with this, should take this into account. This is an important turning point, and we must raise our voices now to defend a globalization with a human face. If the human being is unimportant to globalization for the policy of globalization, because globalization will go ahead anyway, if the human being is unimportant, that could have grave consequences.

Let us not allow this to happen. Let us create civil society institutions that will interact with public policy at the national and international level. And as I have said, it is also true that in order to make sure that globalization is not rejected in poor countries, we need comprehensive programs. This is the number one issue, also for the United Nations. And by the way, in the Millennium Declaration adopted by heads of state, they said that globalization is a great opportunity, but that it could also bring some grave consequences if it grows spontaneously, and therefore the issue of governments is very important. It doesn't mean that we need a world government, because a world government will not cope with this situation. What we need is to have real contact between heads of state, international organizations, new rules in international organizations and programs. I think the time has come [for] programs similar to the Marshall plan to give comprehensive assistance to poor regions of the world. I am quite convinced that we need this.

### **Russia's Current Situation and Putin's Economic Reforms**

INTERVIEWER: Could you talk briefly about the economic reforms that you began in Russia? You talked about Yeltsin; how do you feel that President Putin is pursuing the economic reforms? Do you think that his economic policies hold the promise for real reform, long term, in the Soviet Union?

MIKHAIL GORBACHEV (via interpreter): I think that it's very important to have clarity on three issues here. First of all, what kind of legacy did Putin inherit? He inherited chaos in the economy, in the social sphere, in public policy, in the affairs of the federation, in military matters. And therefore his very first task that he needed to address—and he addressed it

during his first year, and it's not yet over—was the stabilization of the country, uniting the forces of the nation in order to create the prerequisites to move ahead. He has done a great deal despite his shortcomings and mistakes. We all know that. I know that. We see that he has made mistakes, but he wants to pull the country out of the crisis, and we see that, too. So in the West you often criticize Putin without really understanding the context in which he started to act, and how he is acting. I believe that Western analysts are sometimes making this mistake by not taking this into account. They are sometimes asking why is it that in this difficult situation [that] 70 percent, 80 percent of the people continue to support Putin? Well, I've told you one reason for that.

The second thing to be taken into account is that Putin right now is working on what I feel is the most important problem, and that is the medium-term and long-term program, a strategy for more than a year or two, for a longer term. This is now what he is doing. And let me tell you that different viewpoints clash, different approaches clash in the process of developing this longer-term policy. I believe that if Putin chooses the right scenario, the right vector of development, the people will support him, and that will help to start the mechanism for reviving our economy. And it is very important for our Western partners to understand this now. This is a critical moment for Putin, and he has to be supported now. He should be supported now. It's up to them to decide how to support him. Putin will make suggestions in this regard. I have met him several times. He understands the problem; he is working on the possibilities of longer-term prospects. He is not here to prove either of the programs that have been suggested to him, the government's program or [Herman] Greff's program—you know, the economist Greff—or the program proposed by various regions of Russia. All of those programs are being considered now very thoroughly.

I have also made my suggestions. My main suggestion is if the longer-term prospect is that of stabilization, of ending the crisis, but paid for only by the ordinary people, as under Yeltsin, then things could go bad and he could lose support. The price that people paid for Yeltsin's reckless adventures was that 12 percent of the people benefited while all the others are now poor. The president has to bear this in mind, and I believe that he does take this into account.

We talked recently about how the social situation will be changing. What is the situation now? He told me that the calculations that had been presented to him indicate that there would not

be a decline in the standards of living, that there would be progress. Even if there is no kind of improvement in the social situation, but the social situation is at least stable, while at the same time the economy is restarted, well, our people will accept that kind of price. Our people are really great. In other countries they would go to the streets. People do understand that they need to support the president in this difficult situation.

And finally my third point, we need to understand again the cooperation with Europe, the United States, and other countries. Putin is open to such cooperation. Those people who think that he is distancing himself from the West, that he doesn't understand, etc., they are totally wrong. Under Putin's leadership and control, the government is making proposals to the parliament on legislation to protect small and medium-sized business, to protect private property, a new investment law which will be good for Russian and foreign investors. So he is trying to do something, but it is very difficult. Putin became the leader of the country very unexpectedly. He doesn't have enough experience, but he is working. He is hardworking; he can learn. He doesn't have a real team for addressing these tasks, so this is also difficult. So a lot can be done, and our partners need to understand this—not just pointing a finger at Russia.