At the time that Gorbachev became general secretary of the Communist Party of the Soviet Union (CPSU), the party’s monopoly position in the political sphere, and its rationale for playing the dominant role in economic and social arrangements, centered on a single thesis—one that had been prominently stated and emphatically endorsed since Lenin’s time. The party so fully represented the people’s will, it was held, that “the interests of the people and the interests of the Party are one.”¹ More specifically, as party leaders emphasized repeatedly, the interests of the working class were preeminent. The entire society was expected to promote working class interests unswervingly. Kirill Mazurov presented a typical statement of this doctrine during the 1968 anniversary celebrations, declaring that “in the Soviet state there is not, and there cannot be, any social group which would have the privilege of evaluating its own activity otherwise than from the viewpoint of the aims and political interests of the working class.”² With this doctrine as the mainstay of party control, Vladimir Mau observes, when any reforms were introduced they were expected to support “the illusion about the existence of a broad unity throughout the entire society.”³

Gorbachev broke with this orthodoxy. From the beginning of his tenure as general secretary and even earlier, he insistently drew attention to interest divergence in Soviet society—at first, in an effort to pursue the hoped-for homogeneity of advanced socialism, but soon in an attempt to make divergences of interest a lever in his restructuring campaign. Early in this effort, Gorbachev began bringing interests in to dilute the power of opponents to reform. The interests that came to the fore in this effort were, in addition to the public interest that he often mentioned, also interests of work collectives, ethnic groups, and others. It was thus that Gorbachev broadened the acceptable range of interest articulation and representation in the USSR.

Lynn D. Nelson is a professor of sociology and political science at Virginia Commonwealth University. He was a visiting fellow at Harvard’s Russian Research Center and a Fulbright lecturer in the Soviet Union. Irina Y. Kuzes, formerly a lecturer at the Institute of Architecture in Moscow and a correspondent with the journal Znanie-Sila, was appointed visiting senior researcher at Virginia Commonwealth University in 1992. They are co-authors of Property to the People and Radical Reform in Yeltsin’s Russia.
Gorbachev’s attention to the “divergence of interests” theme facilitated developments that worked strongly against another prominent emphasis of his early reform agenda: that of strengthening research and production in the high technology branches. Public interests would have to be underscored in order to both ensure the degree of centralized planning necessary to pursue this objective in the system as it was structured and to justify the level of funding that would be required for substantial improvement in high technology research and production. The viability of this notion was being undermined, however, by the new “divergence of interests” message that was repeatedly delivered in calls for perestroika by Gorbachev and his circle. To further complicate interest group activity, it soon became apparent to branches that received generous state subsidies and expected to benefit from the high technology emphasis, such as the military-industrial complex, that significant erosion of the “unity of interests” doctrine would imperil their own favored positions in the branch hierarchy. They were unable, however, to stop the process.

The incompatibility of these two themes would effectively obstruct efforts to establish a coherent reform course, and it would ultimately contribute to the dissolution of the Soviet Union itself. Gorbachev recognized that there was risk in encouraging the elaboration of private interests in a socialist context, but he believed that strengthening interest articulation and interest group activity could be kept within boundaries that would produce the results he wanted—that a collectivity orientation could be retained in the process of perestroika that would preserve the system of socialist ownership. The opposing forces that were unshackled following the onset of Gorbachev’s reform initiatives were not to be kept in check, however, by public interest appeals.

It soon became clear that certain economic interests would benefit from Gorbachev’s initiatives at the expense of others. Some of the most striking of the reversals of fortune had not been anticipated by key groups that had supported Gorbachev at the time he replaced Chernenko, but that now were finding themselves disadvantaged by the changes that were underway—especially within the military-industrial complex, agriculture, and among many party elites. This result was implicated in the 1991 coup, but the coup’s collapse further imperiled the favored positions of the interests that had conspired to unseat Gorbachev. What followed was a rapid joining of diverse interests, both within Russia and on the outside, that came together in support of actions that would bring an end to Soviet power. This development would strengthen the positions of several established and newly emerging interest groups.

In the wake of political fragmentation and the severing of interrepublican economic ties, many interest groups and coalitions within Russia that had been powerful in the Soviet Union remained virtually intact. Indeed, they were often now even more unshakably in control of the domains they had supervised earlier. Further, the conflict continued between interests that favored economic rationality and those that depended on the “encompassing interests” perspective. Within each camp, new allies would be sought and new alliances forged, with attending inputs of resources and other forms of support. As this struggle continued through the
mid-1990s, at the national level it shaped the course of property redistribution under Gaidar and Chubais and dictated particular foreign policy directions for Russia. It also created the conditions that brought on the Chechnya conflict. The characteristic effects of this duality of emphases have been somewhat different at the national and the regional levels in Russia.

In the first several sections of this article we will locate recent developments in Russia’s political and economic spheres in their larger historical, structural, and institutional context. Then we will summarize continuities and divergences from the Gorbachev period until the present.

The Evolution of Sectoral and Regional Interest Representation before Gorbachev

In 1985, a finely tuned system of interest representation through corporatist lobbying arrangements was in place. It largely comprised sectoral and regional interests and interests associated with the party apparatus.7 Sectoral interests within the branch ministry system, which had been created by Stalin, seem to have actively asserted their divergent positions even during the Stalin era,8 and conflicts of interests between the party apparatus (partapparat) and the economic bureaucracy (khozapparat) were also evident before Stalin’s death—conflicts that would soon intensify and would continue through the end of the Soviet period.9 Yet under Stalin, any indication that interests were being promoted other than those that were clearly within the domain of recognized “state interests” was swiftly punished.10 The problems of centralized planning that had led to creation of the ministerial system continued to mount, however, and further reorganizations followed. In 1956, a Plenum of the Central Committee concluded that competition among ministries was partly to blame for the planning problems with which the country was continually struggling, and the next year Khrushchev managed to abolish a large number of economic ministries altogether, in favor of regional economic councils (sovnarkhozy) whose activities would be formally coordinated by Gosplan.

Thus began an era in which regional interests, whose political influence had been ensured from the beginning by the formal authority structure of the USSR, came to occupy a central position in economic decisionmaking as well.11 Merle Fainsod describes this development during the period when sovnarkhozy were still taking the place of industrial ministries, noting that, “Where the old ministerial system stimulated autarchic or ‘empire building’ practices on an industrial-sector basis, the new sovnarkhozes unleash similar tendencies on a territorial basis.” Fainsod continues, “The sovnarkhozes, by the very nature of their limited territorial jurisdictions, are not oriented to take account of national needs.”12

The sovnarkhozy were abolished in 1965 and the industrial ministries were reconstituted. Brezhnev promised “stability of cadres” as an alternative to the “hare-brained schemes” that had become a defining feature of the Khrushchev period, but the planning structures that had been erected, only to be reworked and in this case torn down and then rebuilt, had acquired distinctive features in the process—features that would continue to define the shape of economic planning
in the Soviet Union. Both ministerial interest articulation and interest representation by regional leaders had become prominent features of planning and administration. Although CPSU officials at the highest level attempted to enforce unified party control through regional party and governmental organizations, local party officials not only shared common interests with enterprises that were prominent in their regions, but by Brezhnev’s day these groups had often forged strong ties. Thus, regional leaders and local enterprise directors were often formidable allies in the competition for resources and other benefits from the state, which meant that sectoral interests frequently found support among the very CPSU officials whose job it was to maintain party control over branch ministry operations. Some “branch clans” had established such strong influence over decisionmaking by the 1960s that the Communist Party could not control them. Khrushchev tried to do so, and his restructuring strategy may have been implicated in his dismissal. Ultimately, the attempt failed.13

Under Brezhnev, lobbying arrangements were worked out that kept the planning process well oiled, if not well ordered according to the theoretical ideal of top-down administration. By the mid-1960s Western scholars, if not their Soviet counterparts, were writing of interest group conflict throughout the Soviet hierarchy.14 The branch ministry structure gave different ministries exclusive rights to represent particular interests, and from the Brezhnev period onward it was expected that each ministry would promote its interests as effectively as possible.15 Within each branch ministry sector, also, competing interests persistently jockeyed for advantage. Several different kinds of coalitions were formed for interest representation within sectors. Enterprises that were connected to one another through production chains or some other functional linkage created unions to represent their common interests. Another mode of interest representation within sectors took the form of collegia that were comprised of representatives from a ministry, directors of enterprises, and administrators from scientific production unions and research institutes. Within-sector lobbying was also structured according to regional background and other forms of personal association.

This interest group activity was often centered on distributional struggles,16 and the potentially negative effects of such activity—particularly when it was a pervasive feature of both political and economic institutions—was held in partial check by the party’s responsibility of ensuring that “encompassing interests” would be pursued.17 These arrangements were legitimated by the doctrine that proclaimed that there was a “unity of interests” among all of society’s individuals and constituent organizations. Thus, although regional and sectoral interest group activity was intense, special interests had to be pursued through means that could be justified as promoting the realization of overarching state interests.

It was according to this formula that regional leaders, branch ministers, enterprise directors, and union representatives sought benefits for their organizations and the individuals who staffed them. Thus, a labor leader might ask for improved recreation facilities at a factory by suggesting that better working conditions
would contribute to improved worker productivity, and West Siberian regional elites could lobby for state investment to develop their oil reserves on the grounds that hard currency earnings that would help the state budget could thereby be increased.

The CPSU faced two distinctively different problems in carrying out its task of promoting the encompassing interests of the state as the activities of interest groups expanded following the Stalin era. The first was a classic example of the difficulty of effectively pursuing the common interests of a large group, over time, in the face of special interests, which tend to both become more numerous and to achieve more effective organization as they mature. In the Soviet Union, sectoral and regional interest groups and collusions increasingly challenged the “leading role” of the party, in practice although not overtly. A second process, described by Alexander Yakovlev and others, eroded from the inside: the party’s distinctive position as guardian of state interests. This came about as individuals who joined the apparatus often favored special interests over more encompassing ones because they retained ties and loyalties to the branches or regions from which they came.

Vladimir Lepekhin underscores the larger significance of these developments, arguing that perestroika actually began during the 1970s, as the most powerful and influential “branch clans” created “indissoluble entities” that included party and KGB organs. From that time forward, he suggests, “decisions of national importance were made in the interest of branch clans—a number of which were, in practice, beyond the control of even the Politburo. The country was at the mercy of monopolies,” Lepekhin argues, “which increasingly usurped both power and property.” Georgii Arbatov, adviser to five general secretaries and longtime director of the Institute for the Study of the USA and Canada, identifies one of the mechanisms through which ministries prevented effective party oversight: “All decisions were made at the very top, but at the same time, ‘the top’ could not, in practice, make a single decision. For every one of them, an endorsement was needed” within the apparatus, he observes. Gorbachev himself attested to the accuracy of that judgment on a number of occasions. Nikolai Ryzhkov, chair of the Central Committee’s Economics Department under Yuri Andropov and chair of the Council of Ministers under Gorbachev, adds additional detail, noting that the organizational structure of the party and the government were also inadequate to counter the negative effects of interest representation within branches. Maintaining that “both the Central Committee and the Council of Ministers had been lacerated by departmentalism” at the time that Andropov became general secretary,” Ryzhkov adds, “Every department tried to take the [shared] blanket
for itself, because there was no composite department in the Central Committee that could formulate overall economic policy."

The Analytical Foundation of Gorbachev’s Evolving Perspective on Interests

At the time that Gorbachev came to power, the “unity of interests” doctrine was the principal remaining deterrent to the more aggressive and straightforward pursuit of economic interests at the level of certain branches and enterprises, and also of political interests among elites in republics and regions. A notable crack in the ideological facade on the subject of interests had been exposed, however, in a 1982 article by Anatolii P. Butenko, of the Institute for the World Socialist System. Butenko had suggested that the contradictions that were prevalent under socialism tended to retard national development. These contradictions were not resolvable, he maintained, before the attainment of communism itself. The implication in this argument that antagonistic interests were an ongoing feature of the Soviet system was not acceptable in 1982, and Butenko’s article was sharply criticized. It was subsequently repudiated by the editorial board of *Voprosy filosofii*, where it had been published. In their response, the *Voprosy filosofii* editors observed that, as Lenin had said, “antagonism and contradiction are not at all the same. The first disappears, but the second remains, under socialism.”

During the two years that intervened between the publication of Butenko’s controversial article and *Voprosy filosofii*’s reply, the subject of interests became a lightning rod for discussions about reform in the USSR. How to create social policies that would put personal and group interest articulation to use in furthering societal goals, while ensuring that an effective incentive structure would be provided for economic improvement, came to be seen as a pressing question for Soviet planning.

An article by Andropov that was devoted to issues surrounding “the building of socialism” appeared in *Kommunist* three months after he became general secretary. Andropov took care to emphasize that in promoting “the interests of the society as a whole” under socialism, “it does not follow that, in the name of the public good, socialism suppresses or ignores interests—personal or private interests, or local interests—or specific needs of different social groups.” Andropov’s article reflects the delicate balance in official interpretations of interest representation that prevailed at the time. Although individual and group interests now had to be taken into account, the state clearly came first, and lower-level interests had to be seen as blending with state interests. Without this reasoning, a single overarching political party could not be justified as speaking for all of the people. This was also the principal rationale for suppressing the economic mechanism in the society. But Tatyana Zaslavskaya’s “Novosibirsk Report” was soon to upset that balance, and to cause the attention of both decisionmakers and scholars to become even more markedly riveted on questions surrounding interest articulation and representation in Soviet society.

Zaslavskaya’s April 1983 paper, which was presented at a closed seminar in Novosibirsk, not only faulted the continuing predominance of administrative
methods in economic management, as well as restrictions on informal economic activities, but also took a decidedly more aggressive position about interests than any earlier work that had attracted widespread notice. Zaslavskaya’s interpretation of interest representation under socialism was notably inconsistent with the position that Andropov had taken just two months earlier. Whereas Andropov had suggested that one of the “qualitative landmarks” on the path toward communism would be “a classless structure of the society inside the historical framework of developed socialism,” Zaslavskaya’s report challenged the “notion . . . that there are no deep, much less antagonistic contradictions between individual, group and public interests under socialism.” Her discussion of this point highlighted the “interests of different classes and social groups.” Even more bold was her hypothesized trajectory of interest divergence. Whereas Butenko had discussed the importance of reducing the prevalence of contradictory interests through adjustments in the political and economic spheres, Zaslavskaya saw the increasing complexity of the national economy as expanding the range and intensity of interest diversity and, by implication, antagonistic contradictions. Not only was there no indication in Zaslavskaya’s formulation that interest antagonisms were likely to subside in the future, but even more striking was her emphasis on individual rights in this context and her warning that “the main body of skilled workers” both “accurately recognizes its own interests and can defend them if necessary.”

For Zaslavskaya, the analysis of contradictory, and even antagonistic, interests in Soviet society would be a critical step toward facilitating economic development. After Gorbachev became general secretary, she began to place particular emphasis on the advantages this analysis would have for identifying the sources of opposition to perestroika. Knowing more about the opposition was important for overcoming resistance to reform, she believed. She was not alone in this view, of course, among academics and in the community of intellectuals more generally.

Although Andropov reintroduced the idea of glasnost in Soviet discourse only a few weeks after the Novosibirsk seminar, it was soon evident that Zaslavskaya’s views had met with official disfavor. A reprimand from the party followed the public release of her report, for “lax security over official documents,” as Zaslavskaya later characterized it. And as if to warn other scholars that Zaslavskaya’s perspective was a deviation from the party position, at that June plenary session of the Central Committee Andropov spoke pointedly of the need to instill in the masses “a better understanding of the party’s policy,” so that they would not fail to “see it as their own, as a policy that meets the vital interests of the people.” There was no talk here about contradictory interests, much less about antagonistic ones. Rather, Andropov spoke of “an appreciable advance toward the social homogeneity of society,” and he warned that “When a Communist Party’s leading role weakens, the danger of sliding into a bourgeois-reformist path of development arises,” where “self-styled pretenders to the role of spokesman for the working people’s interests appear in the vacuum that is created. . . . In the final analysis,” Andropov emphasized, “what can divide us is immeasurably less than what we have in common as the builders of a new society.”
Three Transition Phases under Gorbachev

Because the overall pattern of political and economic transition away from state socialism during the Gorbachev years was complex, fluid, and multilayered, it eludes tidy characterization. Yet, our analysis suggests that, for a large number of individuals and groups that were central to the transformations that occurred in all spheres of life during the Gorbachev period, three general phases of transition can be identified. The process of ideological fragmentation that was evident at the time Gorbachev became general secretary gave way to one of accelerating momentum away from state socialism. That a qualitative new phase had begun by mid-1988 was obvious to Gorbachev himself at the time of the June party conference. It was clear, on a variety of dimensions, that something important had changed. Movement had indeed become manifest on a number of fronts—but toward what? Out of this second phase away from the old order came focused consolidation of alternative structures and linkages among diverse groups in the third phase of transition. This development often included theoretical reformulation of outlooks and expectations according to new principles—arrangements and perspectives that continue to profoundly shape developments in post–Soviet Russia.

Ideological Fragmentation

Both ideological and economic factors contributed to the tidal wave of change that accompanied Gorbachev’s perestroika initiatives. An ideological upheaval was clearly in progress among the top echelon of party decisionmaking from 1985 onward—a decisive departure from core principles that had long guided policymaking. It is debatable just how much power party officials commanded by this time, in contrast to economic elites. Yet it is clear that the party set the country on a different course under Gorbachev, one that would mean diminished authority for the party itself. A number of initiatives were undertaken early in Gorbachev’s administration that pointed toward potentially dramatic changes in the types and scope of party supervision over the economic and political spheres.

In fall 1986, for example, the Central Committee created a special group to develop, in Valentin Pavlov’s words, “a conception of new economic mechanisms which would provide a gradual transition to the market.” (Pavlov was a Gosplan official at that time and later became prime minister.) He adds, “Obviously, the word ‘market’ was sounded only orally.” But as Pavlov saw it, what was being discussed was how to improve the socialist system—not how to dismantle it. Pavlov notes that in December 1986, “in one variant of Gorbachev’s report [for the June 1987 Plenum], it was written directly and openly that the country needs legalization of private property for the means of production.” But Pavlov thought of this innovation as being “in addition to the state sector,” and not as a replacement for predominating state ownership.

Pavlov’s perspective was typical of the thinking among many reform-oriented party and economic elites at that time. Ideological fragmentation among the USSR’s decisionmakers and planners had reached a critical point, and traditional orthodoxies could no longer be sustained among a large number of them. “Everything’s rotten,” Eduard Shevardnadze said to Gorbachev in late 1984. “It
has to be changed.” Yet this position was not predominant in 1985 and 1986, and the kind of work that was being carried out in the Central Committee toward the development of market relations did not enjoy majority support. Pavlov observes that the conservatives could have stopped the forward movement had they chosen to. Why did they not? What was under way eluded their grasp, Pavlov insists, and his conclusion is substantiated by a variety of sources—among both reformers and conservatives. Writing later about these developments, Yegor Ligachev finds it difficult to judge whether the ultimate momentum away from traditional socialist property ownership was planned ahead of time or not. “But,” he adds, “most significant in this case is the fact of departure from the strategy chosen collectively in the Politburo.”

For some among the party’s leadership, the process of rethinking would mean a complete loss of faith in the system as it existed. Yakovlev, for example, whom Gorbachev appointed to head the propaganda department in 1985 and who soon became one of the two closest policy advisers to Gorbachev (along with Shevardnadze), later acknowledged that during the perestroika period he had not only “come to reject Marxism as a guide to action” but that he had also taken the position of “testifying to the defeat of socialism.” Highlighting the same theme in his foreword to a 1992 book by Yakovlev, Alexander Tsiplko observes that Yakovlev had told him in the autumn of 1988 that “It’s time to say that Marxism was, from the very beginning, utopian and a mistake.” Among most of these elites for whom the Communist path was approaching a dead end by 1985; however, just what should come next was not obvious.

The Key Catalyst. A crystallization of divergent ideological positions within the party hierarchy had been evident in Khrushchev’s time, although these developments were kept out of the public eye, for the most part, until the early 1980s. As Stephen Cohen points out in his introduction to Yegor Ligachev’s memoirs, Khrushchev’s reforms were so divisive that they resulted in the formation of “something akin to subterranean crypto-parties” inside the CPSU. Cohen discusses three intra-party groupings: anti-Stalinist reformers, who favored political liberalization and economic reforms; neo-Stalinists, who wanted to restore pre-Khrushchev orthodoxies; and conservatives, who hoped to preserve the post-Stalin status quo. As heir to these divisions, Gorbachev brought the issues on which they centered to center-stage prominence with his persistent emphasis on glasnost.

Glasnost was critical in both focusing and broadening the debate, and thus in intensifying it. In all spheres of Soviet society—political, economic, and social—the formal linkages that had been forged through seven decades of CPSU rule, and the informal arrangements that had been worked out to cut through mountains of bureaucratic regulations, all depended, in a fundamental sense, on at least the appearance that collective interests prevailed over self interest. This perspective, and even this pretense, facilitated political cooperation among diverse nationality groups, with their varied cultural traditions. It fostered the redistribution of considerable stocks of resources from richer regions to poorer ones. It sup-
ported the idea that enormous personal sacrifice was desirable in the pursuit of a collective socialist ideal.

Gorbachev’s insistent attention to conflicts of interests among different groups and strata within the USSR both accelerated and broadened the ideological fragmentation within the party and government leadership. It was thus that the veneer of a unity of encompassing societal interests was peeled off, plainly revealing the pervasiveness of interest group activity throughout state and party structures.

The Significance of Leadership Changes. Replacements in party leadership contributed further to the change in how the CPSU’s top echelon viewed their own roles after the mid-1980s. A year after Gorbachev’s appointment, almost half of the members of the Politburo and Secretariat were new people, and slightly more than half of the Central Committee membership were new. Replacements continued in subsequent years—all of which increased the representation in these bodies of people who were expected to support Gorbachev’s positions.46 Most did, in the main, but there was considerable conflict within the party’s inner circle—a very different situation from the one described in Gorbachev’s public statements during that period. At a Central Committee Plenary Session on 25 June 1987, for example, Gorbachev stated that there was “a unity of viewpoints” in the leadership of the party and the country on the fundamental issues of restructuring.47 But Nikolai Ryzhkov, who had been a Gorbachev appointee to the Politburo (full membership) in 1985, identified the June 1987 plenum as marking “the beginning of a new stage of economic restructuring”—one that had come about after much disagreement within the Politburo and the Central Committee and with which Ryzhkov and some others disagreed strongly. “For me it was clear,” Ryzhkov wrote later, “that the time was not right for some of [Gorbachev’s] proposals and that others were absurd. . . . The Politburo meetings [during that time] were stormy, tense and long.” Ryzhkov continues, underscoring the deep rift within the leadership, “Two ‘positions’ became clearly apparent. One side were ‘realists,’ who were schooled in production, [and] the other, those who came to top positions of power on the basis of Komsomol and Party careers.”48 As other general secretaries had learned earlier, Gorbachev found that replacing people was not always enough to build a critical mass of support for policy innovations.

The Economic Factor. The poor performance of the Soviet economy was a major factor in the willingness of many among the country’s ruling elite to embrace radical change. Indeed, it was the unsatisfactory economic situation that Gorbachev
himself emphasized repeatedly as the most compelling argument for restructuring, and economic improvement was clearly one of his goals. But the plot is not that simple. The overarching concern about economic performance was also accompanied, especially among the USSR’s economic bureaucracy and a number of intellectuals, by a very different theme—one that has been underscored by several analysts. Egor Gaidar highlights this point nicely in his book *The State and Evolution*. A fundamental objective of many among the nomenklatura, Gaidar maintains, was the “privatization” of power, through the process of transforming it into property. “In the 1970s and 1980s, it was clear that under capitalism they themselves would be in command,” Gaidar argues, thus ushering in “'our' capitalism—nomenklatura capitalism. Perhaps this is not how they thought, but it is how they felt.”

The interests of these members of the nomenklatura would be supported by a reduced role for the state and the party in economic management. Recommendations for this reform direction had become commonplace during the first half of the 1980s, although such proposals remained controversial. Before Chernenko’s death, among the Politburo’s members it was Gorbachev who showed the greatest promise of sponsoring the nomenklatura interests of which Gaidar and others spoke. As many members of the economic bureaucracy saw it in 1985, the task at hand was to continue the evolutionary process through which their hold over state resources was becoming ever firmer, and to accelerate and give it new expression—as Arbatov described the situation, by introducing “the serious changes” for which the country was “ripe, and even overripe.” The nomenklatura had come to perceive itself “as an independent social force, with special interests,” Gaidar argues, and they “were expecting a ‘renewal,’ which they connected with Gorbachev.”

Gorbachev signaled his readiness to champion the cause of decisive change even before he became general secretary. He suggested in a March 1984 speech, for example, that “the initial stage of perestroika [then already underway, as he saw it at the time] . . . must be expanded both in breadth and in depth.” Speaking even more pointedly three months before Chernenko’s death, in December 1984, Gorbachev highlighted his enthusiasm for “truly revolutionary” solutions to economic management and added, “It is necessary to look at many aspects of socialist competition in a new way, with a fresh look—to reject obsolete approaches and methods.” In office, Gorbachev quickly articulated the priorities that people who favored a weakened role for the state were ready to applaud. Citing positive results of the economic experiment that had been started under Andropov, Gorbachev proposed the introduction of “genuine economic accountability,” along with a reduction of centralized control over enterprises in favor of more autonomy and a more effective incentive structure.

*The “Interests” Emphasis.* Gorbachev came to power with the approval not only of economic elites who were striving for independence but also of the military-
industrial complex and a variety of other interests as well. Many people saw potential to realize their particular objectives through Gorbachev. For example, Yakovlev describes the view among a number of conservatives, observing, “The changes of 1985 were met by the Party apparatus with the hope that they would strengthen the power of the Party and put in their place the other parts of the triumvirate that had been managing to escape control.”

Gorbachev seemed to be following the established party approach to the building of socialism during his early days as general secretary, as he set out to mobilize “all the forces” in the Soviet Union to achieve the goal of restructuring. In 1984, he had even recalled Stalin’s industrialization campaign in urging a strong collective effort, emphasizing that “the process of economic intensification must be given a genuinely nationwide character.” This was the usual way to pursue a national objective, and in this approach Gorbachev was following in the footsteps of the general secretaries who had preceded him. Always, the rationale for this course had been the same: a “unity of interests” that was thought to prevail throughout the society. From 1984 through 1986, Gorbachev was calling for more convergence of interests in anticipation of the emerging homogeneity of which Andropov and others had spoken—suggestion that the interests of individuals, of collectives, and of the state needed to be more closely aligned.

It was evident, toward the beginning of his tenure as general secretary, that the solution Gorbachev envisioned for the interest divergence that existed remained largely Brezhnevian. Thus, even while following Zaslavskaya in noting that interest diversity was notable in the USSR, he argued that it was socialism itself that created “all the diversity of interests, wants and abilities among people.” This was a positive feature of socialism, he believed, because “the unity of socialist society is not at all a leveling of public life.” Yet, he insisted that the Soviet people were “welded together by the unity of economic interests, ideology and political aims.”

Gorbachev’s thinking about interests had taken a critical turn by 1987, however, as his references to interest divergence were increasingly giving way to an emphasis on the “contradictions . . . of interests among different groups in the population, collectives, departments and organizations.” By this time, Gorbachev seemed to be preoccupied with the subject of interests. Although he continued to voice concern about “the problem of harmonizing public and private interests,” he was now suggesting a very different way of dealing with interest divergence than had been evident in the thinking of earlier party leaders. “The essence of perestroika, in the end, consists of taking interests into account, in influencing them, in managing them and [managing] through them,” he insisted in an address at the June Plenum of the Central Committee. “Interests,” he said the next day at the plenum’s concluding session, “have to become the spring that will impart new dynamism to our economic system and to the overall work of the economy.” This was a novel approach to interests in the context of the Soviet system—a point we will detail below.

It seems clear that at the time of the June 1987 plenum, Gorbachev was not ready to abandon the socialistic conception of interest articulation and manage-
ment. He did not want to give up on the idea that a harmonization of interests could be achieved at the societal level within the framework of perestroika. “The new system will be efficient only if it manages to combine and harmonize the diverse interests of our society,” Gorbachev maintained, “including not only interests of enterprises and branches, but interests of republics, krais and oblasts, cities and districts.” Nor were individual interests left out of this equation. Indeed, Gorbachev argued, “Under the conditions of perestroika, the problem of harmonizing of public and private interests appears in a new light. . . . We are talking here about considering the entire spectrum of interests: the person’s, the collective’s, the class’s, the nation’s, the ethnic group’s, the social group’s, the professional group’s . . . to ensure the dynamic development of society.” As Gorbachev saw it, it was through the coordinated harmonization of interests that interest articulation under socialism diverged from the same process under capitalism, because “socialism eliminates antagonism of interests.”

How was a harmonization of divergent interests to be achieved? Gorbachev had begun his tenure as general secretary emphasizing that the core interests around which all others were to be shaped and toward which they should gravitate would be the interests of the working class. But there were two problems here. First, large numbers of people did “not recognize their true interests,” Zaslavskaya complained in an April 1987 *Izvestiia* interview. Indeed, she insisted, “the public passiveness of a huge mass of people is . . . an active factor in impeding restructuring.” Thus, for her, “the main guarantee of irreversibility of progressive social changes” was “a developed social consciousness of the ordinary people. “Interests, in general,” Zaslavskaya continued, “is the key word in the problem of social consciousness.”

Second, it appears that some of the analysts Gorbachev relied on for ideas did not agree with him that what was needed was a harmonization of interests around working class themes. For example, when Zaslavskaya was asked, in her *Izvestiia* interview, if she was speaking explicitly about “the interests of the working class, the peasantry and the intelligentsia,” she answered, “No; I’m talking about much more split-up groups.” Citing the “five different social orders” that Lenin had identified, “each of which was represented by several strata and groups,” she continued, “I am deeply convinced [that there should be] more. This is a general law of any process of development.” Whereas on the one hand, Zaslavskaya held that “special work” was needed that would be directed toward “strengthening the unity of all strata and groups,” on the other, her thoughts about preferred directions for interest articulation and representation would not seem likely to produce that result. She stressed, for example, that perestroika opened up for the technological intelligentsia “opportunities for all kinds of individual and family endeavors,” and that, “to the best and brightest, perestroika promise[d] both better opportunities . . . and better incomes and prestige.” While continuing to mention socialism in her writings and discussions, Zaslavskaya had by this point moved notably away from basic tenets of the variety of socialism on which the USSR’s core institutions had been built.
Accelerating Momentum away from Socialism

Speaking to a diverse group of elites in May 1988, Gorbachev outlined his perspective about the goals of the upcoming Nineteenth All-Union Party Conference. He hoped that the conference would give perestroika “a powerful new impetus” that would guarantee “the irreversibility of the process.” Observing that a second stage of perestroika had now begun, Gorbachev proclaimed, “We have reached the acceleration stage in the trajectory of perestroika.”72 And indeed, there had been a notable change, as several speakers at the conference pointed out. What was less clear, however, was whether the forces that Gorbachev had helped to unleash were headed in a direction that anyone had intended or whether, instead, they resembled more “a raucous fight in a communal kitchen,” as the first secretary of the board of the USSR Writer’s Union characterized some of the products of perestroika.73 Arbatov noted that “it is as if we have managed to loosen a huge boulder and move it from its resting place.” Arbatov knew that “things have been put into motion.”74 What neither he nor other conference participants were able to articulate, however, was where that activity was leading the country.

During the first phase of reforms, Gorbachev had wanted to pursue his objectives within the existing party and state apparatus. By the end of 1987 it was clear, however, that the plan was not succeeding. Several weeks before the noteworthy Nineteenth Party Conference began, Gorbachev had complained that conservatism continued to hamper his restructuring efforts—this, in spite of the fact that he had replaced 66 percent of all ministers, and 61 percent of first secretaries of regional party committees and soviet executive committees. “These are the kinds of replacements that there have been,” Gorbachev stressed. But this approach had not worked. “The past has put its stamp on them,” he maintained. Therefore, Gorbachev proposed, “Mechanisms are needed that will work continually, through public opinion, pushing up talented, energetic and truly capable people into positions of leadership at all levels. This is better and more reliable than making appointments from above. This is democracy.”75

Thus was ushered in an approach to restructuring that was pointedly political, and aimed at interest mobilization at the grass roots level. At the Nineteenth Party Conference, Gorbachev underscored that shift in strategy by advocating the “unhindered formation and identification of the interests and will of all classes and social groups.”76 He hoped, in this way, to oversee the shaping of a “more multilayered and more complex” society that would thrive “within the framework of our general socialist choice.”77 This approach signified that the economic improvement emphasis with which he had begun his term had become a distinctly secondary concern. Politics was now the dominating focus of his attention—political action in the Western mode, aided by public opinion polling and mass media appeals. Zaslavskaya would direct the public opinion component, through the survey research center that had been approved recently by the Central Committee, and Yakovlev would oversee an active effort among like-minded journalists to marshal public dissatisfaction with the old order. Grass roots politicization would
provide the cleansing fire, he believed, that would overcome the opposition forces that continued to obstruct his perestroika initiatives. But as interests were increasingly articulated by diverse groups, some of them new and others reorganized, the voices that proved to be strongest were not to be constrained by Gorbachev’s vision of socialism.

**The Consolidation of Alternative Structures and Linkages**

Activities that promoted interest representation according to new principles—ones at variance with the “unity of interests” theme that had been the keystone of Soviet authority—were becoming increasingly open and widespread from 1985 onward, as constraints were lifted and the pursuit of interests at the individual and group levels was increasingly encouraged. Perestroika initiatives meant that managers were being warned that they might lose their jobs, because of unsatisfactory performance or a negative vote among workers, while at the same time they were being told that they should use their own initiative to secure self-financing of their enterprises. Republican and regional heads were being threatened with dismissal, just as it was becoming acceptable to build grassroots support around regional and nationalist concerns. Workers were being actively urged to identify their core interests and pursue them.

The ferment of this period produced new formations and shuffled the rankings among others—developments that continue to shape economic and political relations throughout the former Soviet Union and in Russia today. During this phase, not only did economic rationality become an increasingly important basis for the initiation of new policy directions in the economic and political spheres, but interest group linkages outside the traditional domain of Soviet influence also gained rapidly increasing prominence—particularly linkages with Western governments and financial organizations. The roots of the USSR’s changed relationship with the West can be traced to an earlier period—even as early as the 1970s, as the relative prominence of oil exports grew—and a further stimulus for the strengthening of ties with the West came in 1986 with the drop in world oil prices. The consolidation of new arrangements for interest representation in this third phase of transition under Gorbachev made Boris Yeltsin’s rise to power possible, as he stepped in during the late 1980s to claim leadership of a cluster of diverse interests that were only then coming to be more coherently and broadly articulated. It was activity among alliances that were forged during this consolidation phase, spearheaded most notably by intellectuals and regional leaders, that ultimately brought the Soviet system down.
Interest Representation under Yeltsin: Continuity, Reversals and Policy Developments

Overview
The post-Gorbachev period has seen striking continuity with earlier trends in the economic sphere, with some notable exceptions. Key features of the economic directions that have characterized the Yeltsin years since 1991 were already visible before the Gorbachev period ended. Developments in the political sphere under Gorbachev and Yeltsin have diverged sharply, and in their own ways each of these trends has inhibited the building of enduring institutions for democratic decisionmaking. We will elaborate on these two themes below.

Continuity with the Pre-Gorbachev Period
The corporatist structure that characterizes political and economic relations in Russia today bears striking resemblance, in its general form, to that which prevailed in the Soviet Union of 1985—before Gorbachev’s perestroika and glasnost initiatives. Overall, sectoral groups (remnants of the old USSR branch ministry system) and regional interest groups remain the most powerful, and their lobbying system is largely intact, although the CPSU is no longer a part of the network and key new channels for interest representation have appeared. These groups often operate without significant competition or organized opposition. The most successful enterprises continue to be monopolistic, for the most part, and they have established close connections with executive power structures. The state continues to be the source of a broad array of benefits and opportunities, and decisionmaking processes through which these advantages are awarded to groups and individuals remain largely hidden from the public and the press.

Continuity with Developments under Gorbachev
Since 1991, there has been further consolidation of numerous interest group arrangements that were already taking clear shape when the Soviet Union broke up—processes that in many cases had a long history but that acquired new meaning as the “unity of interests” doctrine lost its former prominence. Particularly important outcomes of these processes have been a reordering of the interest group hierarchy, the privatization of property to the benefit of members of the former nomenklatura who had already established property claims before the demise of the USSR, the emergence of new economic entities, and a continuing inability to establish a compelling ideological basis for encompassing societal interests. Enterprises with products that can be exported for hard currency have tended to fare best in recent years—a reordering that became pronounced after 1985. The military-industrial complex and machine building have been the big losers in general (although a few export-oriented enterprises within this grouping have done well)—in spite of Gorbachev’s initial emphasis on strengthening high technology. The deterioration in this sector gained rapid momentum under Gorbachev, as
we indicated above, and it accelerated further after the breakup of the USSR. Clear winners under Gorbachev were fuel and energy, metals and mining, certain regional and republican elites, and others who had established de facto claims to state property before the beginning of large-scale privatization. These interests were finally able to secure property ownership through the Gaidar-Chubais privatization program.

Additionally, a number of influential players that emerged in the late 1980s as heads of new economic entities—financial groups, joint ventures, and cooperatives—have gained increasing prominence in the 1990s, and most have been further transformed. Many of these organizations began as products of CPSU structures, the existing production system, and the Soviet Union’s shadow economy.

The “encompassing interests” framework that was discredited during Gorbachev’s tenure has not been replaced by a coherent and authoritative foundation for relations of obligation and reciprocity. As a result, no effective restraining principle is now operative to keep competing interests in check, through shared reference to overarching “rules of the game.” This crisis of values threatens destabilization in every sphere—economic, political, and social.

**Trends away from Gorbachev Initiatives**

The most significant reversal of Gorbachev-period developments has been a decisive departure from Gorbachev’s attempts, albeit not entirely consistent, to move the Soviet Union toward a more broadly representative political system with an active legislative branch. These initiatives were promoted partially in the interest of giving Gorbachev a lever against his opposition, as we have suggested, and the utilitarian approach to democratization helps to explain why some participants in those developments blame Gorbachev in retrospect, along with his “democratic allies,” for not having used his considerable power “for the public good.”

Yeltsin’s political agenda has been quite different. Following after the “anti-establishment” rhetoric that was Yeltsin’s principal tool in his initial drive for power, Yeltsin’s chief continuing strategy for reinforcing his position has been to seek charismatic authority to legitimate a consolidation of power on the basis of existing bureaucratic structures. Yeltsin has turned decisively away from the “grass roots activism” focus that Gorbachev emphasized—choosing instead to discourage the expression of divergent positions in favor of a convergence of interests, in the familiar mode of pre-Gorbachev times. In pursuing these policies, Yeltsin has lost notable support among the Russian intelligentsia, but this approach has found approval among key interests in the West.

Also in contrast with the Gorbachev period, the state bureaucracy has grown dramatically during the Yeltsin years, and corruption in the bureaucracy today exceeds, by most accounts, even that which prevailed during the Brezhnev era. Further, a powerful, but internally divided, financial oligarchy now exerts strong influence in the political, social, and economic spheres. This new development for Russia is one from which Yeltsin has benefited, and whose most basic operating procedures he has been largely reluctant to oppose in practice.
Interest Groups and Recent Policy Developments

Yeltsin’s approach, which had a primarily negative basis in the late 1980s, began finding clear direction in the 1990s through the active lobbying of interest groups that saw in Yeltsin a vehicle for the pursuit of their “anti-establishment” objectives. The most striking policy developments under Yeltsin can be traced to the active lobbying of such interest groups, both within Russia and on the outside. The most influential groups of this type inside Russia have been those wanting both vigorous state sponsorship in the pursuit of their objectives and insulation from the encompassing interests focus that prevailed earlier in the USSR. Enterprises that could benefit from trade with the West have been major beneficiaries of policy decisions under Yeltsin. Western governments and financial institutions, also, have enjoyed notable success in widening the opening that Gorbachev created for the advocacy of policies that they favor. Gorbachev broke with the long-standing isolationist policy of the Soviet Union vis-à-vis the West in attempting to utilize “new thinking” in foreign policy for the pursuit of domestic goals, especially in the areas of economic improvement and democratization. Yeltsin’s conception of national interest has been less focused than Gorbachev’s, however.

The Yeltsin period has seen concerted efforts by the center, on one hand, and by regional interest groups and alliances, on the other, to gain ascendancy in the political and economic spheres. If nationality interests contributed importantly to bringing the Soviet Union down, regional interests within Russia continue to be the engines of ongoing internal dynamics on several fronts, and there is continuing negotiation between federal-level and regional interests on a variety of dimensions. These processes are different from region to region, and there are sharp divergences among regions in the structure of regional power and influence.

Interest Representation and the Momentum of Change

Because they operate in the context of larger social forces, individual interest groups have limited potential to influence societal developments, no matter how powerful they may be relative to other interests. Thus the broader questions of the possibilities for economic improvement at the time Gorbachev introduced his restructuring initiatives, and of the potential avenues that were available for reform at that time, are central to any consideration of the efficacy of particular kinds of interest representation. Put differently, if the subject is fuel and energy, for example, it is important to separate the effectiveness of this complex in pressing its interests from the subject of whether it was inevitable that the emphasis in Russia’s production system would shift away from manufactured products and toward exportable raw materials—whatever kinds of actions interest groups and alliances might happen to take, or however skillfully they might represent those interests. In a like vein, a reversal of Gorbachev’s democratization initiatives would be seen as predictable if Russia in 1991 was simply “not ready for” broader, more representative structures for the institutionalized articulation of divergent interests. Several analysts have made both of these assumptions in accounting for Russia’s recent economic decline and its turn toward more concentration of power in the executive branch. If those assumptions are correct, then interest
representation within identifiable groups and alliances played a relatively modest role in the dynamics of change that have reshaped the former Soviet Union on some critical dimensions. These assumptions require examination in the process of analyzing the implications of interest representation during the Yeltsin period and earlier.

Several additional questions are embedded in these assumptions concerning inevitability and readiness—especially, questions about strategies and timing in the pursuit of restructuring, and questions about the management of change in bureaucratic institutions. Such considerations underscore the difficulty of accurately assessing the significances of interest group activity in times of broad societal transformation.

NOTES

1. This widely publicized slogan was well known among the population at the time.


3. Vladimir A. Mau, Ekonomika i vlast': Politicheskaia istoriia ekonomicheskoi reformy v Rossii 1985-1994 (Moscow: Delo, 1995), 14. It was in that context that Vilen Ivanov, then director of the Institute of Sociology, discussed the question of interests with a Pravda reporter in October 1984. “As it is well known,” Ivanov stated, “the 26th Congress of the Communist Party concluded that the classless structure of our society will come into being in principle and in its fundamental form in this, the current stage, of developed socialism.” That is why the Institute of Sociology is studying paths that are leading to the increasing homogeneity of society, he added. Č. Kolesnikov, “Shagi prerestroiki,” Pravda, 16 October 1984, 3.


5. When interests are articulated and represented collectively, among individuals or institutions that share certain interests in common, then “interest group” activity is often said to be taking place. The literature is inconsistent, however, about what level of organization, and what kinds of interaction, qualify interest representation as “interest group” effort. For some analysts, an “appropriate degree of institutionalization” is required. (See Graham K. Wilson, Interest Groups [Cambridge, MA: Basil Blackwell, 1990].) For others, a “pattern of interaction” among representatives of a shared interest is enough for action to be designated interest group activity. (See, for example, David B. Truman, The Governmental Process: Political Interests and Public Opinion [New York: Knopf, 1951], 508.) For still others, aggregates of people who share a common interest comprise an interest group, whether or not they have organized or even interacted. (See Virginia Sapiro, “When Are Interests Interesting?” American Political Science Review 75 [1981]: 701–16.) As we use the term “interest groups,” they are collectivities of individuals or organizations sharing common interests and working together, at least occasionally, in pursuit of these interests. An interest group according to this definition, then, could have very little structure as a “group,” but it does require some. For fuller discussions of the interest group characteristics, see, for example, Mark P. Petracca, “The Rediscovery of Interest Group Politics,” in The Politics of Interests: Interest Groups Transformed, ed. Mark P. Petracca
Russian Economic Reform and the Restructuring of Interests 499


6. See, for example, “Politicheskii doklad TsK KPSS XXVII s”ezdu KPSS,” Pravda, 26 February 1986, 5 (speech by M. S. Gorbachev).

7. See Lepekhin, Lobbizm; and Ekspertnyi institut RSPP, Lobbizm v Rossii: Etapy bol’shogo puti (Moscow: Ekspertnyi institut, 1995).

8. Jerry F. Hough and Merle Fainsod, How the Soviet Union Is Governed (Cambridge: Harvard University Press, 1979), 476. The statements we refer to concern the activities of Politburo members who became spokesmen for specialized interests. It is reasonable to infer, then, that sectoral interests were being promoted by branch ministry representatives, also.


11. The institutionalization of sectoral interest representation in the economy had a political counterpart in CPSU and government structures where, at different levels—from All-Union, to union republic, to krai/oblast, raion and city—jurisdictional oversight specific to each particular level made it possible for party secretaries to establish a powerful presence at their particular level, with impressive resources at their command. See Alexander Yanov, Detente after Brezhnev: The Domestic Roots of Soviet Foreign Policy, trans. Robert Kessler (Berkeley: Institute of International Studies, 1977). Under this arrangement, party leaders and government executives within a region often worked together in trying to secure benefits of all kinds for their region. Because the CPSU organization was so pointedly structured according to territorial units, regional interest representation was solidly established from Stalin’s day onward as a prominent feature of political decision-making.


14. Gordon Skilling delivered a paper advancing this hypothesis in 1965, and a number of related works followed. See especially Skilling and Griffiths, eds., Interest Groups in Soviet Politics.

15. For an overall perspective on interest group representation within the branch ministry system, see Ekspertnyi institut RSPP, Lobbizm v Rossii, 9–10.

16. Distributional struggles, as Mancur Olson defines the phrase, are those in which “none can gain without others losing as much or (normally) more.” See Olson, The Rise and Decline of Nations, 47.

17. See footnote 5.


19. See Han-ku Chung, Interest Representation in Soviet Policymaking: A Case Study


24. See, for example, “O khode realizatsii reshenii XXVII s”ezda KPSS i zadachakh po uglublenii perestroiki,” Pravda, 29 June 1988, 4 (speech by M.S. Gorbachev).

25. Ryzhkov, Desiat’ let velikikh potriasenii, 36.


28. As Butenko phrased the problem, it was necessary to formulate policies so that “every member of the society, in pursuing his own interests, will act in the interest of the production collective, and that these interests [of the production collective] would further the realization of society’s main goals.” Butenko continued, “To provide such improvement in relations and such coordination of interests is the authentic mission of the ruling party and state organs” (“Protivorechiia razvitiiia sotsializma kak obschestvennogo stroia,” 22).


30. A number of other analysts also expressed discontent with different aspects of the existing system during this period, and called with varying degrees of openness and urgency for fundamental changes. An article in Voprosy istorii by Evgeni Ambartsomov, for example, used the subject of NEP (the New Economic Policy) to argue for the expansion of private enterprise in the Soviet Union (E.A. Ambartsomov, “Analiz V.I. Leninym prichin krizisa 1921 g. i putei vykhoda iz nego,” Voprosy istorii 4 [April 1984]: 15–29.). Condemnation followed swiftly in the pages of Kommunist (E. Bugaev, “Stramnia pozitsiia,” Kommunist 14 [September 1984]: 119–26), and the editors of Voprosy istorii subsequently recanted (V. Trukhanovskii, “V redaktsiiu zhurnala ‘Kommunist’,” Kommunist 17 [November 1984]: 127.).


32. “The Novosibirsk Report,” Survey 28 (1984): 89, 91. Before Zaslavskaya’s paper exposed this issue to the world, a sizeable mass of opposition to Soviet “business as usual,” and to working assumptions of the CPSU leadership, had already developed within the intelligentsia—a large number of whom were high-ranking representatives of officialdom.

33. Ibid., 106–08.


35. Stephen F. Cohen and Katrina vanden Heuvel, Voices of Glasnost: Interviews with

37. See, for example, “O khode realizatsii reshenii XXVII s’ezda KPSS,” 2.

38. See Ibid., 4.


41. Pavlov, Upushchen li shans, 43-44.

42. Yegor Ligachev, Inside Gorbachev’s Kremlin: The Memoirs of Yegor Ligachev, trans. Catherine A. Fitzpatrick, Michele A. Berdy, and Dobrochna Dyrcz-Freeman (New York: Pantheon Books, 1993), 320. According to Gavrill Popov, as well as several others whose works we cite in this paper and whom we have interviewed, the move away from socialism was planned—and concealed. See, for example, Gavrill Popov, Snova v opozitsii (Moscow: Galaktika, 1994), 39.


44. Aleksandr Tsipko, “Pravda nikogda ne opazdyvaet,” in Yakovlev, Predislovie. Obval. Posleslovie, 5. In the narrative of the book, also, which was begun in 1987, Yakovlev highlights his preference for a market economy over other economic arrangements.


46. Stephen White provides a useful overview of these appointments in After Gorbachev (New York: Cambridge University Press, 1993), 18–22.


48. Ryzhkov, Desiat’ let velikikh potriasenii, 195. Also see, for example, Ligachev Inside Gorbachev’s Kremlin, 85–86.

49. Speaking to Khabarovsk Party functionaries in July 1986, for example, Gorbachev stated, “I would put an ‘equal’ sign between the words “restructuring” and “revolution” (“Perestroika neotlozhna, ona kasaetsia vsekh i vo vsem,” Pravda, 2 August 1986, 1 [speech by M. S. Gorbachev]).

50. Egor Gaidar, “Kak nomenklatura ‘privatizirovala’ svoiu vlast’,” Literaturnaia gazeta, 9 November 1994, 10. An English language translation of this article is in Russian Social Science Review 37 (May-June 1996): 23–34. The phrase “our capitalism” is omitted from the translation, however. Most of the article is included in chapter four of Gaidar’s Gosudarstvo i evoliutsiia ([Moscow: Evrazia, 1995], 103–40), although parts of it appear in other chapters. See also Ekspertnyi institut RSPP, Lobbizm v Rossii, 14; and Lepekhin, Lobbizm, 20–21; Boris Golovachev, Larisa Kosova, and Liudmila Khakhulina, “‘Novaia’ rossiiskaia elita: starye igroki na novom pole?” Segodnia, 14 February 1996, 5; Yaroslav Shimov, “Vladet’ ili upravliat’?” Nacavisimaia gazeta, 10 February 1994, 2; Ol’ga Kryshkova, “Novye russkie,” Megapolis-Express, 24 February 1992, 23; and Pavlov, Upushchen li shans, 43–44.


52. Arbatov, Zatianuvsheesia vzدورовlenie, 335. See also Ryzhkov, Desiat’ let velikikh potriasenii, 72–73.

53. Gaidar, Gosudarstvo i evoliutsiia, 126, 130.

54. Arbatov, Zatianuvsheesia vzдоровlenie, 339. See also Ryzhkov, Desiat’ let velikikh...
Zhores Medvedev believes that “if Chernenko had lived for another month, Gorbachev would probably not have stood a chance of becoming General Secretary” (Zhores A. Medvedev, *Gorbachev* [New York: W.W. Norton, 1986], 6.). See also Mikhail Shatrov, “‘Neobratimost’ peremen”, *Ogonek* 4 (1987): 4–5. Whatever other developments were possible at that time, it is clear that Gorbachev was the obvious choice among a broad spectrum of reform-oriented elites—and, as Arbatov points out, Gorbachev supporters were a diverse group (339).

55. Mikhail S. Gorbachev *Izbrannye rechi i stat’i*, vol. 2 (Moscow: Politizdat, 1987), 38. The speech was delivered at an All-Union Economic Conference. See also “Zhivoe tvorchestvo naroda,” *Pravda*, 11 December, 1984, 2 (speech by M. S. Gorbachev).
56. “Zhivoe tvorchestvo naroda.”
58. Yakovlev, *Predislovie. Obval. Posleslovei*, 139. The triumvirate of which Yakovlev speaks consisted of the party apparatus, the economic apparatus, and the apparatus of force (KGB, military, and police). For a complementary view, see Arbatov, *Zatianuvshiesia vyzdorovlenie*, 339. This point is critical for the analysis of interest representation before the breakup of the USSR. In our view, Gorbachev became general secretary with strong support among the Soviet elite, rather than in the role of a reform pioneer with whom “the ruling oligarchy” consented “to go along.” T. H. Rigby, *The Changing Soviet System: Mono-organisational Socialism from its Origins to Gorbachev’s Restructuring* (Brookfield, VT: Edward Elgar, 1990), 211.
60. “Zhivoe tvorchestvo naroda.”
61. Ibid.
62. “Politicheskii doklad TsK KPSS XXVII s’eza KPSS,” 6. This speech opened the Twenty-seventh Party Congress. See also a speech he presented in Khabarovsk on 31 July1986 (“Perestroika neotlozhna, ona kasaetsia vsekh i vo vsem,” 1–2).
63. “O zadachakh partii po korennoi perestroike upravleniia ekonomikoi,” 1. Emphasis added. For a similar statement see “O perestroike i kadgovoi politike partii,” *Pravda*, 28 January 1987, 1 (speech by M. S. Gorbachev). The January speech was delivered at the Plenary Session of the CPSU Central Committee on 27 January.
64. “O zadachakh partii po korennoi perestroike upravleniia ekonomikoi,” 1.
68. See “O zadachakh partii po korennoi perestroike upravleniia ekonomikoi,” 1; and “Politicheskii doklad TsK KPSS XXVII s’eza KPSS,” 6.
70. Ibid.
75. “Cherez demokratizatsiu—k novomu obliku sotsializma,” 1.
76. “O khode realizatsii reshenii XXVII s”ezda KPSS i zadachakh po uglubleniu pere-
stroiki,” 4.
77. “Cherez demokratizatsiu—k novomu obliku sotsializma,” 2.
78. Ibid. See also Mau, Ekonomika i vlast’, 20.
79. Several analysts have attributed greater autonomy and effectiveness to grass roots
activism than we deem to be justified. See, for example, M. Steven Fish, Democracy from
University Press, 1995); and Geoffrey A. Hosking, Jonathan Aves, and Peter J. S. Duncan,
The Road to Post-Communism: Independent Political Movements in the Soviet Union,
80. See Y. N. Ustinov, L. A. Feonova, and D. S. Nikolaev, Ekonomika i vneshn—eko-
nomicheskie sviazi SSSR: Spravochnik (Moscow: Mezhdunarodnye otnosheniiia, 1989),
118–19.
81. See, for example, Stefan Hedlund and Niclas Sundström, “Does Palermo Represent
the Future for Moscow?” Paper presented at the NAS/NRC Workshop “Economic Trans-
March 1996; and Philip Hanson, “What Sort of Capitalism Is Developing in Russia?”
82. See, for example, Peter Rutland, “Business Lobbies in Contemporary Russia,” The
83. Financial groups emerged from the restructuring of the banking system that began
in 1987 when a two-tiered structure was created. At first, five specialized banks took over
non-central banking activities, but in 1988 and 1989 a large number of commercial banks
were established as cooperatives or joint-stock companies. Seventy-seven commercial and
cooperative banks (CCBs) were in operation by the end of 1988, and by September 1990
there were more than 400. At the time of the Soviet Union’s demise more than 1,500 CCBs
had been licensed in the Russian Federation. It was announced in January 1987 that joint
ventures would be permitted, and by mid-1990 more than 1,700 joint ventures had been
registered. Most of those employed no more than fifty people, but eight had more than a
thousand employees. Finally, a variety of nonstate enterprise structures—cooperatives,
other new small enterprises, and leasing operations—quickly began to emerge within the
Soviet Union following a series of laws and decrees that became effective in 1987. By
August 1991, more than 111,000 were in operation and a much larger number had been
registered. See International Monetary Fund, The World Bank, Organisation for Econom-
ic Co-operation and Development, and European Bank for Reconstruction and Develop-
Bank, Russian Economic Reform: Crossing the Threshold of Structural Change (Washington,
to the People: The Struggle for Radical Economic Reform in Russia (Armonk, N.Y.: M.
84. Georgi Arbatov, The System: An Insider’s Life in Soviet Politics (New York: Ran-
dom House, 1992), 354. See also Alexander S. Tsiipko, “Russian Capitals and Russian
Provinces: Prospects of Conflict Resolution,” Russian Politics and Law 33 (November-
85. There is an abundance of evidence in support of this point. For example, Gavriil
Popov provides one “insider’s view” in Snova v oppositii, 78.
86. Stephen White provides a useful review of Gorbachev’s thinking on these themes.
White, After Gorbachev, 192–204.
87. See, for example, Philip Hanson, “How Many Russias? Russia’s Regions and Their
Adjustment to Economic Change,” The International Spectator 32 (January–March 1997):
39–52.