



Monday December 28th 2009

Search  (Economist.com)

Welcome  
My account [Manage my newsletters](#)  
Log out



[Site feedback](#)

- [Home](#)
- [This week's print edition](#)
- [Daily news analysis](#)
- [Opinion](#)
  - [All opinion](#)
  - [Leaders](#)
  - [Letters to the Editor](#)
  - [Blogs](#)
  - [Columns](#)
  - [KAL's cartoons](#)
  - [Correspondent's diary](#)
  - [Economist debates](#)

- [World politics](#)
  - [All world politics](#)
  - [Politics this week](#)
  - [United States](#)
  - [The Americas](#)
  - [Asia](#)
  - [Middle East and Africa](#)
  - [Europe](#)
  - [Britain](#)

- [Special reports](#)
- [Business and finance](#)
  - [All business and finance](#)
  - [Business this week](#)
  - [Economics focus](#)
  - [Management](#)
  - [Economics A-Z](#)

- [Business education](#)
  - [All business education](#)
  - [Which MBA?](#)

- [Markets and data](#)
  - [All markets and data](#)
  - [Daily chart](#)
  - [Weekly indicators](#)
  - [World markets](#)
  - [Currencies](#)
  - [Rankings](#)
  - [Big Mac index](#)

- [Science and technology](#)
  - [All science and technology](#)
  - [Technology Quarterly](#)
  - [Technology Monitor](#)

- [Books and arts](#)
  - [All books and arts](#)
  - [Style guide](#)

- [People](#)
  - [People](#)
  - [Obituaries](#)

- [Diversions](#)

- [Audio and video](#)
  - [Audio and video library](#)
  - [Audio edition](#)

- [The World In](#)
  - [The World in 2010](#)
  - [The World in 2009](#)
  - [The World in 2008](#)
  - [The World in 2007](#)
  - [The World in 2006](#)
  - [The World in 2005](#)
  - [The World in 2004](#)

SEE HOW SAP CAN HELP YOU RUN A MORE EFFICIENT OPERATION

[▶ GET CLEAR](#)

Europe

**After the Soviet collapse**  
**A globe redrawn**

Nov 5th 2009  
From *The Economist* print edition

**Welcome to the new world disorder**



**And goodbye to all that**

AP TO RUSSIA'S once and possibly future president, Vladimir Putin, the collapse of the Soviet Union—two years after the fall of the Berlin Wall—was “the greatest geopolitical catastrophe” of the 20th century. It set off shocks that were felt across the globe. Russians who lived through the ruinous inflation and currency woes of the early post-Soviet years paid a heavy price. Yet few outside Russia lamented the passing of the century's last failed empire.

Even Russians had seen worse. For them, the 20th century had already brought the first world war, with the Bolshevik grab for power, followed by Stalin's self-induced famine, which killed millions. By contrast, the end of the cold war was hardly devastating. The post-1945 nuclear stand-off between the Soviet Union and the West had brought a perilous stability, but had generated proxy wars from Korea and Vietnam to Angola, Central America and Afghanistan—a continuation of cold war by more traditional bloody means. Indeed the collapse of Soviet influence around the world went unmentioned outside Russia, except by those who had relied on it to seize and hold power. Yet how had the end come so fast? And how would it refashion a world forged over four decades of superpower domination and rivalry?

Some credit Ronald Reagan's “star wars” dream of a missile-defence shield with engineering the Soviet demise: superior technology had threatened the Kremlin with a new, unaffordable arms race. Yet the Soviet Union could still have overwhelmed such defences simply by turning out ever more rockets—one reason the defences were never built. In many ways it was the Soviet Union that lost the cold war, rather than America that won it.

Aside from raw military might, every other source of apparent Soviet strength had been hollowing out for years. Central planning worked when progress could be

- [Comment \(133\)](#)
- [Recommend \(121\)](#)
- [E-mail](#)
- [Share](#)
- [Print](#)
- [Reprints & permissions](#)

**Related Items**

- From *The Economist***
- [Mikhail Gorbachev and the fall of the wall](#)  
Nov 5th 2009
- [China's reaction to Communism's collapse](#)  
Nov 5th 2009
- [What happened in central Europe after 1989](#)  
Nov 5th 2009
- [Berlin re-united](#)  
Nov 5th 2009
- [Books that mark the anniversary of 1989](#)  
Nov 5th 2009
- [The Berlin Wall falls](#)  
Nov 18th 1989

**Country briefing**  
Russia

Advertisement

**SAVE \$348**

The Fairy Tales Collection

**Research tools**

All research tools  
 Articles by subject  
 Economics A-Z  
 Special reports  
 Style guide

**Country briefings**

All country briefings  
 China  
 India  
 Brazil  
 United States  
 Russia

**My account home**

Newsletters and alerts  
 Manage my newsletters  
 Manage my e-mail alerts  
 Manage my RSS feeds  
 Manage special-offer alerts  
 More »

**Print subscriptions**

Subscribe to *The Economist*  
 Renew my subscription  
 Change my print subscription delivery, billing or e-mail address  
 Pay my bill  
 Activate premium online access  
 Report a missing copy  
 Suspend my subscription  
 More »

**Digital subscriptions**

Subscribe to Economist.com  
 Manage my subscription  
 Mobile edition  
 Audio edition  
 Download screensaver  
 More »

**Classifieds and jobs**

The Economist Group  
 About the Economist Group  
 Economist Intelligence Unit  
 Economist Conferences  
 Intelligent Life  
 CFO  
 Roll Call  
 European Voice  
 EuroFinance  
 Reprints and permissions

**EIU online store****Economist shop**

## Advertisement

marked in tonnes of steel or cement, or tanks and rockets. But its perverse incentives also led to factories churning out stuff no one wanted, while shops were empty of the things they craved, from fresh meat to fridges. Subtracting value—producing goods worth less in real terms than the materials used to make them—could not go on for ever. Meanwhile, shortages created a crime-ridden black economy that, by some estimates, was worth as much as 30% of the real one, perhaps more.

Even without the fall of the Berlin Wall, and under Mikhail Gorbachev's new management, the Soviet Union would have struggled in vain (Russia struggles still) to adapt this behemoth to the information age and the microchip. Abroad, the Council for Mutual Economic Assistance, Comecon, a trading block melded from the Soviet Union, seven European satellites, Mongolia, Cuba and eventually Vietnam, functioned only with massive Soviet subsidy and in worthless soft currencies. Imperial overstretch—financing guerrilla movements in Africa, Asia and Latin America and supporting cash-strapped and unloved regimes from Angola to Afghanistan—increased the strain.

Other recently expired empires, such as the British, Dutch, French, had left some residue for locals grudgingly to admire: habits of administration, a legal system, even just a useful language. Not the Soviet one. Its traces were quickly swept away as east Europeans dashed for freedom and free markets. But with it went a pattern of global order based on competition between the Soviet Union and America, and also in part on a battle for influence with a rising China within the communist and non-aligned worlds. As the Soviet Union deserted both battlefields, no corner of the world was left unchanged.

First the few pro-Soviet regimes, particularly Cuba and Vietnam, took a severe economic knock as friendship prices and raw-material subsidies first dwindled, then disappeared overnight. Trade links snapped. No longer able to sell its sugar, nickel and oranges at vastly inflated prices, or import artificially cheap Soviet oil, Cuba plunged into severe recession. By the mid-1990s its economy had shrunk by a third. Because it was bankrupt, Cuba was forced to stop propping up the Sandinista regime in Nicaragua. It had to watch the fizzling of other Central American leftist insurrections. Funds were cut to Marxist movements throughout the continent.

Africa also felt the jolts. Cuban troops, originally shipped and airlifted in and sustained by Soviet military planners, were pulled out of Ethiopia in 1989 and two years later from Angola, where they had kept Marxist regimes in power. The communist threat collapsed across southern Africa as the war in Mozambique wound down. Concluding that communism, for long the great bogeyman of South African politics, no longer posed a threat, the country's whites-only regime released Nelson Mandela from prison. It then allowed the free elections that swept away apartheid.

Yet if Africa had had too much big-power attention for its own good in the 1980s, after the Soviet collapse, arguably, it had too little. With the tussle for influence over, the world largely looked away as Rwanda was engulfed in genocide and Congo sank into interminable internal strife. Thus began a debate about who should keep the peace when there was none to keep.

In Asia, too, the proxy wars were over, but the thawing of the cold one still brought big changes. One loser was North Korea. In search of hard currency for its oil and weapons, Russia had already established new ties with more prosperous South Korea just before the Soviet collapse. A pragmatic China quickly followed. In Vietnam, loss of its Soviet backers led the regime to explore economic reforms and better relations with its neighbours—even, later, with America, its old enemy.

India had depended heavily on the Soviet Union for military hardware and political support against both China and Pakistan. America and China, with which India had once fought a disastrous border war, both had close ties to Pakistan. It took prickly India a long time but, having opened up to more Western investment, it then improved relations with America: a needed counterweight to a China that loomed larger as Russian influence and largesse fell away.

North-east Asia, meanwhile, was left trying to manage an awkward five-way balance between a rising China, a weakened Russia, a distracted America, an aspiring South Korea and an uncertain Japan. Despite healthy trade links, it still is.

In that cockpit of superpower rivalry, the Middle East, Soviet arms sales to Syria, Iraq and others had done nothing to advance the cause of peace between the Arab states and Israel. Now it was America's moment: 1991 saw not only the success of the American-led coalition in the first Gulf war, but also the beginning



of serious peace talks. Even the Palestinians' leader, Yasser Arafat, realised there was no alternative now to American mediation, although Syria, Iraq and Iran rejected it. In the end Arafat too balked at a deal. Disappointment and then the September 2001 attacks on New York and Washington, took America's attention, as the world turned upside-down once more.

And the supposed unipolar moment, when America was left to bestride a single-superpower world? To successive American administrations in the 1990s, dealing with Somalia, Rwanda, a nuclear-capable North Korea, UN Security Council divisions over weapons inspections in Iraq, the spreading violence of al-Qaeda and the rise of China, the new world order seemed more like chaos and disorder. With hindsight, a confusingly multipolar world was in the making even then.

[Back to top ^^](#)

**Readers' comments**

Readers have commented on this article (the window for new comments is now closed).

[View all comments \(133\)](#)



Want more? Subscribe to [The Economist](#) and get the week's most relevant news and analysis.

Advertisement

**Classified ads**

Office of Fair Trading  
Non-Executive  
Directors  
London

Who's Who 2010 out  
now  
Information on  
33,000+ people of  
influence, interest  
and distinction in  
society today. New  
names for 2010:  
Roger Federer, Paulo  
Coelho, Matthew  
Brittin and Martin  
Lewis.

Università Bocconi:  
Economics and  
Management  
Education since  
1902.  
- Bachelor  
- Master of Sciences  
- PhD  
[Download your  
Welcome Kit!](#)

Standard Chartered  
PLC  
Senior Manager,  
Thought Leadership

Explore Poland's  
investment  
opportunities

MBA-DBA-PhD  
FRANCE, US, JAPAN,  
CHINA  
Boost your career  
with accredited  
Diplomas at ISM  
Flexible schedules  
Part-Time Study  
Worldwide

**Sponsor's feature**

[About sponsorship](#)

THE FOLIO SOCIETY  
Shorter Oxford English  
Dictionary  
with online access  
only  
**\$19.95**  
and a FREE GIFT  
worth \$87.50  
**SAVE \$417**

[About The Economist online](#) [About The Economist](#) [Media directory](#) [Staff books](#) [Career opportunities](#) [Contact us](#) [Subscribe](#)

[Site feedback](#)

Copyright © The Economist Newspaper Limited 2009. All rights reserved. [Advertising info](#) [Legal disclaimer](#) [Accessibility](#) [Privacy policy](#) [Terms & Conditions](#)

[Help](#)