The Soviet Union and China in the 1980s: reconciliation and divorce

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The comparative Sino-Soviet history became a vibrant field. Pioneered by Gilbert Rozman, it already produced valuable insights. Russian contributions are more modest than Western and Chinese, yet they also add important perspectives. This article builds on these achievements, and draws on the new Soviet sources that have been recently brought into scholarly discussion. The starting assumption of this article that both the Sino-Soviet alliance and confrontation were the product of revolutionary communist movement. Common communist ideology at first helped to forge one of the most unlikely alliances in recent history. And later, rather than serving as a sufficient glue for such alliance, the same ideology became a necessary reagent for the surprising rift. Mao Zedong had acted as a challenger to the Moscow-centric communism order, and was the main force behind the Sino-Soviet split. In my view, other drivers in Sino-Soviet confrontation were secondary and tertiary: among them the allegedly inherent inequality, mutual cultural alienation, historical grievances, and “racism”. Even less important, in

4 Boris Kulik, Sovetsko-kitaiskii raskol: prichiny i posledstvi’ia (Moscow: IDV RAN, 2000); G.V. Kireev, Rossiia-Kitai. Neizvestnyie stranitsy pogranichnykh peregovorov (Moscow: ROSSPEN, 2006).
5 In particular, see Sergey Radchenko, Unwanted Visionaries. The Soviet Failure in Asia at the End of the Cold War (New York: Oxford University Press, 2014).
my view, was geopolitics. True, the conflict ultimately became a security issue, and led to territorial clashes and militarization. Yet at the roots of the matter was the rivalry for the leadership in the communist movement: messianic universalist ideology could have only “one sun,” and could be directed from one center only.  

The end of the Sino-Soviet confrontation during the 1980s provides an additional proof to this thesis. In just four years, between 1982 and 1985, the mutual hostility between the two communist countries abated rapidly. Fears of war gave way to discussion of cooperation. All this happened, while the geopolitical divide and presence of massive Soviet forces along China’s border remained intact. What made this remarkable change possible, was one, but cardinal factor: China and the Soviet Union no longer vied for leadership in revolutionary global movement. Already Mao Zedong’s opening to the United States in 1972 paved the way for Realpolitik; yet only after his death China truly abandoned ideological path and global revolutionary outreach. The disastrous domestic fallout of revolutionary Maoism pushed the new leadership onto a path of national economic recovery, that replaced the idea of a revolution as the better strategy of eventual restoration of China’s greatness in world affairs. In search of national reconstruction, the Chinese government turned to Western capitalist countries.

The Soviet leadership also reached the deadlock in its revolutionary-imperial trajectory, but it had much less freedom for radical changes. The Soviet Union was in midst of the renewed Cold War against the West; the Kremlin also was heavily burdened by its commitments to numerous clients and allies in the communist movement and the Third World. Ironically, some of those commitments resulted from the “Pyrrhic victory” of the Soviet Union over China in their struggle for global communist leadership. After coming to power in 1985, Mikhail Gorbachev began to change the Soviet international paradigm, based on dual function of superpowerdom and the leadership in the global

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8 See Friedman, *Shadow Cold War*, p. 218.
communism. Yet at the same time as he began to dismantle the Marxist-Leninist ideology, Gorbachev replaced it with a new ideology of perestroika “for the Soviet Union and the whole world,” an ideological dream where “reformed socialism” would converge with liberal capitalist West.

The former communist allies and then rivals chose different ways of embracing the former enemy: China did it more radically, and the Soviet Union chose to tinker with the “socialist principles.” Nevertheless, the absence of ideological rivalry produced a necessary effect: the Sino-Soviet relationship began to get normalized, virtually by default. The geopolitical realities, produced by the two decades of the antagonism, could not be removed fast, and this defined the pace the Sino-Soviet normalization. It is quite remarkable, however, how patiently and steadily both sides had been moving to bring to closure the period of mutual hostility. The record shows that the ghosts from the past, including bitter historical memories, cultural differences, and mutual prejudices played surprisingly little role in the story of the normalization.

Last but not least, this article dwells upon limitations of the Sino-Soviet normalization. From the start, these limitations were defined by the Chinese course of modernization. Ultimately, the reformist aspirations in both countries pulled them towards the US-led global capitalist system, not towards each other.

**Normalization within geopolitical realities**

In March 1982, Leonid Brezhnev addressed China in his “Tashkent speech” with an appeal for reconciliation. The ailing Soviet leader expressed readiness to leave behind ideological quarrel and begin to talk about territorial issues. It was not an accidental probe. Moscow began to send feelers to Beijing soon after the death of Mao Zedong in September 1976, but the power struggle in China, Sino-Soviet conflict over Cambodia, and the Soviet occupation of Afghanistan put the Sino-Soviet contacts on hold. In early

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1982 a good moment came up: Deng Xiaoping used Rumanian leader Nicolae Ceausescu as an intermediary to signal his readiness for moving beyond status quo.  

The leading Soviet sinologists, intellectuals and diplomats, believed that the factors of geopolitics, Chinese nationalism, and bitter memories of the recent past would persist and define China’s hostility towards the Soviet Union. Oleg Rakhmanin, the main authority on China in the CC CPSU Department for liaisons with socialist countries, tirelessly touted this argument. Leading Soviet experts on China, Mikhail S. Kapitsa, Mikhail I. Sladkovskii, and Sergei L. Tikhvinskii, were in Rakhmanin’s camp. On the contrary, Brezhnev’s foreign policy assistant Andrei M. Aleksandrov-Agentov, believed that restoration of Sino-Soviet relations was possible for both pragmatic and ideological reasons. He was one of the last survivors from the Comintern days, and witnessed closely the entire story of the Sino-Soviet alliance. Brezhnev fully trusted Aleksandrov-Agentov, consulted him regularly, and met with him at least three times in January-March 1982. In his memoirs, Aleksandrov-Agentov recalls that it was his initiative to insert “China theme” into the speech Brezhnev was going to deliver in Tashkent. The speech stated: “We did not deny and do not deny the presence of socialist order in China.” The text continued: “We remember well those times, when the Soviet Union and people’s China were united by the ties of friendship and comradely cooperation. We never considered the state of hostility and alienation between our countries a normal phenomenon.”

The Politburo approved Aleksandrov-Agentov’s initiative. Apparently the most powerful skeptics of Sino-Soviet normalization, among them Andrei Gromyko, Yuri Andropov, and Dmitry Ustinov, did not dare this time to stand in opposition. Leonid Brezhnev was disillusioned by the quagmire situation in Afghanistan, that this “troika” had initiated: Afghanistan erased many fruits of Brezhnev’s détente of the 1970s and

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placed the Soviet Union in an international isolation. The Kremlin leaders, feeling the pressure of the US remilitarization and global militancy, needed de-escalation of tensions with China to ease the burden of military preparations in the Far East.

Brezhnev’s speech was not a sufficient factor to trigger the Sino-Soviet negotiations. Earlier Soviet probes did not produce results. The crucial change happened in Beijing, not in Moscow. Some scholars state that Deng Xiaoping decided to support Sino-Soviet rapprochement mainly for geopolitical reasons. First, the Chinese leadership could see that the Afghanistan altered the balance of power in international relations: Soviet Union was bogged down, like the United States had been earlier in Vietnam; Soviet isolation sharply reduced Soviet threat to China’s security. Kenneth Waltz, a theorist of structural realism in international relations, was in China in 1982 and argued to his Chinese hosts, that the occupation of Afghanistan weakened, not strengthened the Soviets. Deng Xiaoping, historians argue, had another powerful reason to make geopolitical readjustment; his course of 1979-81 leaning on the United States did not pay off: the Reagan Administration revived the policy of “two Chinas” and balked at the transfer of advanced technologies to the PRC. This questioned his decision to turn to the United States as a strategic ally in China’s national rise, still controversial among his colleagues. This prompted China, as Radchenko argues, to resurrect the concept of strategic triangle, where the specter of Sino-Soviet rapprochement would be used as a bargaining tool with regard to the United States. 13 Behind all these interpretations of Deng’s behavior, however, stood the main new reality: China’s foreign policy had undergone a fundamental change during the previous decade. It no longer served the megalomaniac revolutionary ambitions of the communist leadership. Deng Xiaoping did not use geopolitical combinations, as Stalin and Mao had done, to promote revolutionary-imperial objectives. For Deng geopolitics became a mere tool to serve the domestic economic transformation.

Historians argue as to why Deng Xiaoping so firmly linked the Sino-Soviet rapprochement to “three obstacles,” three security preconditions that the Soviet Union had to meet before normalization of relations. One view is that the Chinese leader

genuinely feared Soviet “encirclement” represented by the presence of Soviet troops in Mongolia, the military concentration along the Sino-Soviet border, and the Soviet military support of Vietnam. A recent biographer of Deng even stated that his geopolitical goal to defeat the Soviet Union, nourished by the decades of hostility under Mao’s rule, was a prevalent motive. A prominent Chinese scholar calls Deng “an outstanding Chinese nationalist,” who resolutely and steadfastly defend China’s national interests against the Soviets. 14

These views overlook the context of grand strategy, which was in Deng’s case China’s modernization, not a geopolitical rivalry with the Soviet Union. There is solid evidence, that Deng played “Soviet card” with his eyes on Washington; the Chinese leader was disappointed with the political and economic terms that the Reagan Administration was prepared to offer China. The obstacles also helped Deng to keep at bay an alternative strategy proposed by other senior comrades in the Chinese leadership, among them Chen Yun and Li Xiannian. They argued that the rapprochement with the Soviet Union (rather than a cooperation the United States) was a natural thing, dictated by the past friendship and ideological proximity. What colleagues found “natural,” however, was inimical to Deng’s grand strategy: only the United States, and not the Soviets, held the keys from the know-how and technologies China needed to modernize itself. 15

The tension between security and modernization in Deng’s motives should not be exaggerated. After all, as some Chinese scholars indicate, Deng Xiaoping could correctly view his “Four Modernizations” endangered by Soviet “encirclement,” as he contemplated reduction of security-related state expenditures, the cuts on the Army, and a better international climate for foreign investments. All these things necessitated a fundamental reduction of Soviet power in Asia.


In 1982-84, the Soviet leaders remained deeply mistrustful of Deng’s goals and intentions. The Sinologists in Moscow stated, quite correctly as it turned out, that the Chinese leaders played “the American card” at the expense of Soviet geostrategic interests in Asia. Fulfilling “three obstacles” meant that the Soviet Union should make once-sided concessions and abandon its crucial regional allies Afghanistan, Mongolia, and Vietnam. Brezhnev, who favored improvement of Sino-Soviet relations, was unprepared to do it. The same could be said about his colleagues in the Politburo. Yuri Andropov, who became the General Secretary of the CPSU after Brezhnev’s death in November 1982, had been long convinced that not only Mao Zedong, but also other Chinese leaders, were great power nationalists and crafty international manipulators. Marshal Dmitry Ustinov, responsible for Soviet defense and army, resisted withdrawal of Soviet military aid from Mongolia and Vietnam. Soviet foreign minister Andrei Gromyko never viewed Sino-Soviet relations and Asia in general as foreign policy priority, and deferred to the views of Andropov and Ustinov. The Soviet leadership wanted to engage Beijing for normalization, yet not on China’s terms.

There was also a lingering fear in Moscow, that China still wanted to undermine the Soviet leadership in the communist movement in general, and in the Soviet camp in particular. The Soviet allies in Eastern Europe made clear stirrings to expanding economic and political relations with the PRC, ahead or even behind the back of the Soviet Union. Walter Ulbricht in East Germany began to do so; in Poland Wojciech Jaruzelsky, although dependent on Moscow, was interested in Chinese assistance as well. During 1983 the Chinese foreign minister Qian Qichen visited five Eastern European countries; his visit ushered rapid normalization of state relations and growth of economic ties. The cash-starving Eastern European economies desperately looked for new trade partners, both in the West and in the East. The old anti-China line in Eastern Europe

became untenable, and even detrimental to the Soviet hegemony in the bloc.\(^{17}\)

The Soviet leadership, pressed by Reagan’s offensive, wanted to alleviate the tensions of the Cold War. In August 1983, Andropov approved preparations for sending a high-placed Soviet delegation to China, the first since 1969. The Soviet ministries and the Gosplan prepared a number of agreements on economic, scientific, and cultural cooperation. The First Deputy Premier Ivan Arkhipov, Brezhnev’s pal, was associated with the heyday of Sino-Soviet friendship and alliance. After Andropov’s death, however, the balance of interests within the Politburo shifted. Gromyko argued in favor of suspension of the trip: the Soviet leadership did not want to risk “special relations” with Vietnam over normalization of relations with Beijing. Soviet diplomat V.P. Fedotov concluded many years later that delaying Arkhipov’s mission was a mistake. Yet he also admitted that Deng’s “three obstacles” were emotionally unacceptable for the Soviet leadership. How could China demand these geopolitical concessions from the Soviet Union without reciprocating? Beijing, some in Moscow argued, seemed to aim to become ‘a third superpower,’ on par with the US and the USSR. This resonated with the conclusions of Soviet sinologists, especially Oleg Rakhmanin, that “Maoism without Mao” continued to define China’s international behavior.\(^{18}\)

As Soviet relations with the United States continued to worsen, however, the Politburo felt the need to resume active policy towards China, as an attempt to weaken Sino-American security cooperation against the Soviets. In 1984 Deng also had to make concessions to other senior leaders in the Chinese leadership, who pushed for resuming economic cooperation with the Soviet Union. China’s economy was, after all, a clone of


\(^{18}\) Fedotov, Polveka Vmeste s Kitaem, p. 500, 548.
the Soviet economy of the 1950s; bilateral trade with Moscow could be beneficial for the existing Chinese industries. There were also emotional and ideological moments: the senior Chinese leaders and experts knew that, contrary to the Maoist propaganda, Soviet assistance to China was pro bono, remarkably generous, and comprehensive. There was also a large younger group of party and managerial cadres, who had been trained at Soviet universities, spoke Russian, and remembered very fondly the Soviet assistance of the 1950s. The Cultural Revolution disrupted their careers, yet in the early 1980s they were rising to the positions of influence. 19 Ideologically, many of these people conceptualized reforms in terms of Soviet economic debates of the 1920s. The writings of Bolshevik theorist Nikolai Bukharin suddenly became popular in the party elites of China. The agricultural reforms in China seemed to resonate with the Soviet NEP experience and could be legitimized as the continuation of the correct Leninist policy, abrogated later by Stalin and Mao. 20

In December 1984, the Soviet delegation arrived to China, and the agreements on Sino-Soviet cooperation were signed. Deng, however, refused to meet with Arkhipov; instead he delegated this task to Chen Yun, an old friend of Arkhipov, who believed there were “great, untapped reserves” for Sino-Soviet economic and technical cooperation. Chen Yun was obligated to read to Arkhipov a formal speech where he reiterated “three obstacles”. 21 Deng adhered to his grand strategy; a rapid rapprochement with the Soviet Union could only hurt China’s relations with the West and modernization. Although the Chinese supreme leader consented to the opening of economic cooperation between China and the Soviet Union, this concession did not affect in any significant way the Chinese international behavior. Ironically, the state cooperation programs with the Soviet Union would soon prove the correctness of Deng’s strategy. “Great, untapped reserves” for cooperation, that Chen Yun dreamed about, did not materialize in 1985-89. 22

21 Prisoner of the State, p. 120; V.P. Fedotov, Pol Veka Vmeste s Kitaem, p. 497.
Gorbachev and China: “No Jumping over the Obstacles”

The appearance of the new and young Soviet leader in the Kremlin in March 1985 seemed to promise rapid improvement of the Sino-Soviet relations. Yet the first three years of Gorbachev’s administration did not bring any political and economic breakthrough in the East. As the Soviet foreign policy in 1986-87 abandoned, one by one, the tenets of the revolutionary-imperial paradigm, the Sino-Soviet relations did not change radically for the better; rather, they became visibly stalled.

Perhaps the anti-Chinese feelings and stereotypes in the Soviet leadership and the elites played a role, to thwart the relationship? After all, some historians attributed the Sino-Soviet split and confrontation to Russian “subtle racism” towards the Chinese. Indeed, the “criticism of Maoism” in Soviet propaganda and party education in the 1970s could often digress into China-bashing. This type of propaganda became a lucrative cottage industry in Moscow. Racist rumors and images of “Yellow Peril” freely circulated in the sparsely populated cities of the Soviet Far East. A closer look at the evidence, however, reveals limited nature of anti-China feelings in the Soviet political elites. In effect, officially sanctioned sinophobia was never permitted, even in the Interkit, an organization created to develop a common anti-China line for the Warsaw Pact. Soviet experts treated Maoism was a chauvinist “perversion,” while the PRC and its people remained “socialist” and therefore “friends.” During the times of hostility, few in the Soviet intelligentsia looked at China through nationalist-racist lenses. The reform-minded and liberal intellectuals viewed the Great Cultural Proletarian Revolution as another manifestation of Stalinism and totalitarianism.

Moreover, there was a residual nostalgia for the time of “friendship” on the Soviet side as well. Tens of thousands in the Soviet Union shared Arkhipov’s emotional attitudes about the past: engineers, technicians, teachers, and other professionals preserved kind memories about their work in China during the 1950s. The entire generation of the Komsomol members and students, to whom Mikhail Gorbachev

belonged, remembered the euphoric expectations of the Sino-Soviet alliance, encapsulated in the song “Moscow-Beijing”. They knew personally thousands of Chinese students who studied with them at Soviet universities and technical institutes. There was a widespread perception “Chinese ingratitude” for generous Soviet assistance. Yet there were also strong impressions of the hard-working Chinese colleagues and the enormous potential of China for economic development. In the wake of Arkhipov’s trip an increasing number of Soviet party officials, journalists, educators, economists, and other professionals travelled to China, for the first time after a historic break of two decades. Their reports, public and non-public, contained a strong message: there was a new China in the making. In sum, there was a substantial human, cultural, and historical capital for revival of the Sino-Soviet relations in 1985. This capital, however, remained untapped.

The recent literature leaves much responsibility for the stagnation of the Sino-Soviet relations with Gorbachev. Sergey Radchenko states that in 1986 Gorbachev nourished a vision to build a “strategic triangle” consisting of China, India, and the Soviet Union, a kind of “anti-American entente” that could counterbalance the Cold War deadlocks in Europe and elsewhere. Gorbachev refused to take China’s “three obstacles” seriously, and he was remarkably oblivious of the Indian-Chinese geopolitical antagonism. Geopolitical realities, according to Radchenko, doomed Gorbachev’s spectacular schemes for Asia. The scholar contrasts Gorbachev’s alleged Realpolitik in Asia with his idealistic new thinking; his main source-base are Gorbachev’s talks to the Politburo, memoranda of his conversations with the Indian leader Rajiv Ghandi and some other politicians.

The available evidence, however, does not support such definitive conclusions. The revisionist interpretations sometimes conflate Gorbachev’s rhetoric, his monologues in the Politburo, with the actual policy-making. Also, the literature often exaggerates the policy impact of academic think-tanks and academic Instituchiki (intellectuals with political ties). In 1986 Gorbachev’s approach to Asia was ideological and vague, not realist and specific. In his close circle, during the discussion of his programmatic speech

25 See the detailed analysis of these impressions and analytical papers from the leading Moscow-based academic institutes in: Chris Miller, The Struggle to Save the Soviet Economy. Mikhail Gorbachev and the Collapse of the USSR (Chapel Hill: The University of North Carolina Press, 2016), p. 46-51,
26 Radchenko, Unwanted visionaries, p. 98-
in Vladivostok (that was delivered on July 29, 1986), the Soviet leader spoke about Soviet mission to help Asian countries to shake off American “imperialism”. 28 This rhetoric mimicked the clichés of Soviet revolutionary-imperial paradigm; this was the language Gorbachev had learned in the late 1950s, during his Komsomol youth. Gorbachev’s foreign policy learning was still in its initial stage. As his predecessors, Khrushchev and Brezhnev, the new General Secretary began to overcome his ideological provincialism in foreign policy, when he focused on the Soviet-American relations. 1986 opened with Gorbachev’s proposal of a nuclear-free world by the year 2000, and closed by his sensational summit with Ronald Reagan in Reykjavik, focused on the same idea. Still, his hallmark remained “grand vision” speeches and soliloquies, and he preferred to specific policy decisions a process of “shopping” in the marketplace of political ideas. Most of those ideas remained on paper and did not translate into consistent policies.29

In his recent book on the end of the Cold War Robert Service concluded: “The Soviet preoccupation in international affairs remained with policy towards America and Western Europe, and talks with American President trumped everything.” Service exaggerates, when he says that only towards the end of 1988 Gorbachev and Shevardnadze began to “widen their angle of attention in Asia beyond troubled Afghanistan.” At the same time, the evidence in the Politburo materials, and other Soviet materials do say that the Asian direction in Soviet foreign policy remained secondary to the American-Western. The speech in Vladivostok in 1986 could be seen as an attempt to find a backdoor from the state of siege created by “the policy of neoglobalism” of the Reagan Administration. At the Politburo, Eduard Shevardnadze, the minister of defense, and the KGB head praised Gorbachev’s speech and suggested that China shared the Moscow concern for “American neoglobalism.” This was another example of court rhetoric that did not translate into policy-making. 30

The Chinese leaders firmly rejected any offers for a rapprochement against the

28 “O ramkakh vystupleniia vo Vladivostoke” (Gorbachev to his assistants), undated (probably July 1986) memo. Anatoly Chernyaev Papers, Russian and Eurasian Studies Center Archive, St Antony’s College, Oxford University, box 1, unsorted materials. (hereafter Chernyaev Papers, St Antony)

29 More on this is in my Failed Empire. The Soviet Union in the Cold War from Stalin to Gorbachev (Chapel Hill: The University of North Carolina Press, 2007), p. 309;
United States. Gorbachev was frustrated. He fired the top critic of China Oleg Rakhmanin and terminated the practices of China-bashing among the countries of the bloc. He also tried to use his personal charm and dynamism. And yet nothing worked. Li Peng met three times with Gorbachev in 1985, and reiterated the “three obstacles.” Ultimately, Gorbachev concluded that the real obstacle to the Sino-Soviet rapprochement was China’s fear to jeopardize relations with the United States, transfer of Western technologies to China. This was, by a large, a correct assessment.

Gorbachev responded by also linking the Sino-Soviet relations to the process of détente with the United States, specifically to the US-Soviet talks on arms control and military security. In Asia, Gorbachev was almost exclusively focused on finding the way for an honourable exit from Afghanistan. At the Politburo on May 8, 1987, Gorbachev summed up the stalemate in the Sino-Soviet relations. “They are still not ready for a rapprochement, and we will not go further [either]. We should not jump over the obstacles.” The “realities of life” would ultimately “force” the Chinese leadership “to move in the correct direction towards us.” It is not entirely clear what kind of realities the Soviet leader had in mind. It could mean, for one thing, eventual improvement of Soviet relations with the United States. “We should not scare away the United States by our attempts at rapprochements [in Asia].” The priority of Soviet-American relations comes out again very clearly.

On April 25, 1987, Shevardnadze oriented Soviet diplomats to look at the Sino-Soviet normalization as a long-term process. “We do not expect [rapid improvements],” recorded senior Soviet diplomat Anatoly Adamishin Shevardnadze’s report to the collegium, “We should work patiently on economic and other affairs. Much, perhaps everything depends on the quality of our production.” The Minister, just like Gorbachev, hoped that China would have to turn to the Soviet Union to balance off its growing

31 During his meetings with Gorbachev in March, June, and December 1987 Li Peng told that there could be no normalization until the Kremlin withdraw from Afghanistan and make the Vietnamese to withdraw its troops from Cambodia. Service, Op. cit., p. 380.
33 The working notes of Anatoly Chernyaev, the Politburo minutes, May 8, 1987, Anatoly Chernyaev Papers, Russian and Eurasian Studies Center Archive, St Antony’s College, Oxford University, box 1, p. 220.
economic dependence on Japan, the United States, and other capitalist countries. The Soviet leadership also refused to push the Vietnamese on Cambodia. “Our friends, above all the Vietnamese, should not get even a shadow of doubt that we are capable of striking a deal with the Chinese [at their expense],” Shevardnadze said to the colleagues. 34

Just two days after Gorbachev promised to the Politburo “not to jump over the obstacles,” Shevardnadze went on a diplomatic tour in South-East Asia, and conducted talks in the Foreign Ministry in Thailand on a possible settlement in Cambodia. The Vietnam leadership clearly disliked the Soviet initiative, but Hanoi was forced to start bilateral talks in Moscow on possible terms and conditions for removal of their troops from Cambodia. 35 Shevardnadze’s probes led to another sobering lesson. The Vietnamese, despite massive Soviet military assistance, refused to follow Soviet directions in South-East Asia. Adamishin summed it up: “We will defend the bulwark of socialism, and wage a war; the Soviet Union, a wealthy country, will assist us.” Shevardnadze’s assistant recorded similar reflections in his diary. 36

Gorbachev and Shevardnadze encountered the same effect of “the tail wagging the dog,” as Nikita Khrushchev had discovered three decades ago, in dealing with East Germany, when the Soviet leader wanted to solve the geopolitical deadlock in the German Question. Incidentally, history repeated itself for the Kremlin not only in Asia, but also in Germany. Late in May 1987, Gorbachev and Shevardnadze suggested to the GDR leader Erich Honecker to consider a future removal of the Berlin Wall. The East German leadership resolutely rejected the proposal. 37 It was a cardinal principle of Gorbachev’s foreign policy that he never pressed Soviet allies on the matters concerning their vital interests. With regard to Germany, Soviet policy went into slumber until late

34 The Anatoly Adamishin Papers, HIA, Box 1.
35 The working notes of Stepanov-Mamaladze, May 11 and May 18, 1987, HIA, box 1, folders 19 and 20.
36 The minutes of Anatoly Adamishin at the Collegium of the Soviet Foreign Ministry, undated (second half of May 1987), the Anatoly Adamishin Papers, HIA, Box 1; the diary of T. Mamaladze-Stepanov, HIA, cited in Radchenko, Unwanted visionaries, p. 128.

By that time Gorbachev’s new course of glasnost and political liberalization became an additional source of reservations in Beijing. Some party intellectuals in China hastened to conclude that Gorbachev made a breakthrough “in the Marxist-Leninist theory.” Those intellectuals, many of them victims of Maoist repressions, continued to believe in “socialist ideals” and in revolutionary mission. This presented another challenge to Deng Xiaoping and his supporters. They wanted to distance from Soviet experience, not to acknowledge again its primacy; they did not think that Leninism and the NEP were relevant for China in the 1980s. Even worse for Deng, ideological romanticism coming from the Soviet Union threatened to infect CCP cadres and Chinese students, thereby adding to China’s instability at the sensitive time, when inflation and inequality began to breed social discontent. Their response was to return their response was to launch a campaign (not the first time in the 1980s) “against bourgeois liberalization,” and introduce more censorship in the coverage of what happened in the Soviet Union.  

Economic Reforms: Divergent Tracks

The fundamental cause for the persisting aloofness between the Soviet Union and China, however, was not nestled in geopolitics and not caused by new ideological winds from Moscow. Historians agreed in retrospect that the Soviet Union and China were on the parallel reform tracks during the 1980s. Those tracks, as it turned out, left very little room for mutual interest and cooperation.  

divergence was present already by early 1987. At the same time he seems to believe that the incompatibility of Chinese and Soviet reformisms did not become “manifest” until later, when Gorbachev began political liberalization. During 1987 many observers, in the Soviet Union, the West, and even in China, still wondered if the Chinese would follow the Soviet example of democratization and glasnost. More recently, economic historian Chris Miller came with a revisionist view on this issue. Gorbachev and his reform-minded circle, Miller writes, “embraced Deng’s policies as a model for the Soviet Union and used China’s economic takeoff to shape Soviet debate about economic reform”. The insuperable obstacle for Gorbachev, Miller argues, was the enormous power of vested interests in Soviet economy, from the military-industrial complex to the agrarian lobby, that clung to their privileges and budget. Miller does not provide clear explanation why the powerful conservative interests did not prevent Gorbachev from taking the path of glasnost and democratization, the path clearly meant to overcome their “monopolies.”

There are still too sweeping conclusions, and too insufficiently sources about the Soviet reforms of the 1980s, and this makes their comparison with the Chinese reforms problematic. It is obvious in retrospect, that the former tanked, and the latter soared, but why? It is appropriate to begin with stating the huge disparities between the two economies and societies. The Soviet Union and China shared the same system, politically and economically, yet at the start of the 1980s they were on fundamentally different level of socio-economic development. While Deng Xiaoping could release the productive energy of hundreds of millions of poor peasants by authorizing state-regulated agricultural market, Gorbachev had the remains of peasantry, no more than 20% of the Soviet workforce, reshaped into collective farmers, included into welfare state, and heavily subsidized from the state budget. It was definitely not a workforce for jumpstarting market entrepreneurship. The Chinese economy consisted of the modest industrial sector, built with Soviet assistance in the 1950s, no more than 15% of GDP, and at least 600 million poor peasants. The Soviet economy, many times bigger, was excessively industrialized (at the expense of services) and organized in hundreds of state-

40 Radchenko, Unwanted visionaries, p. 174 – 175.
41 Chris Miller, The Struggle to Save the Soviet Economy. Mikhail Gorbachev and the Collapse of the USSR, p. 52-54, 180-182; on other inconsistencies in Miller’s analysis see a review by Isaac Scarborough in “Reviews in History,” http://www.history.ac.uk/reviews/review/2066 (accessed on March 14, 2017),
run corporations, with “mono-cities” dependent on the output of a single big enterprise. China had no welfare state and had boundless human resources for extensive development. The Soviet Union, in contrast, had a vast welfare state, that covered the collective farmers; its human reserves for extensive growth were exhausted. Even this cursory comparison reveals, that Deng’s trial-and-error search for China’s modernization was hardly applicable for the Soviet economy.

Also the Soviet leadership was fearful of a foreign financial dependence. It was a bitter lesson for the Kremlin when Poland and some other Eastern European countries could not pay debts to Western banks and trade. By the end of the 1970s this financial indebtedness translated into political vulnerability. Andropov and other members of the Politburo, presumably including Gorbachev, believed that the United States were conducting “currency wars” against the socialist countries, to bring them to their knees.  

The Soviet Union, the main target of the US economic sanctions in the early 1980s, barred from Western technologies by the US-led COCOM regime, could not in any conceivable way bet on foreign capital and technological transfers. China, taken by Deng exactly in this direction, was definitely not an example to follow.

The architect of Boris Yeltsin’s economic reforms Yegor Gaidar attributed the Soviet economic demise to the systemic problems, including external trade factors, above all the dependence on oil revenues. The emerging evidence, however, points towards functionalist approach: the huge impact of Gorbachev’s ideological preferences and choices of economic policies. The next attempt to design economic reforms after the aborted Kosygin’s reforms of 1965 began under Andropov in 1983, in the special Politburo commission headed by prominent manager from the military-industrial complex Nikolai Ryzhkov. Dozens of Soviet economists participated in brainstorming discussion that formed a consensus: it was time to change the old economic system created under Stalin in the conditions of militarization and war.  

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42 The evidence about it is cited in: Robert Service, The End of the Cold War, p. 56.
44 Nikolai Ryzhkov. Desiat let velikikh potriasenii (Moscow: Kniga. Prosveshchenie. Miloserdiie, 1996), p. 48-49; Mikhail Gorbachev, Zhizn i reformy, vol. 1 (Moscow: Novosti,
discussions recalls that the reference point was on the individual and cooperative segments of “socialist economies” in Europe, such as Hungary, Yugoslavia, and Poland. An even more important reference point was Kosygin’s reform focused on the idea of khozraschet, financial autonomy of state enterprises. The ideas of decentralization and financial autonomy of enterprises became the foundation for economic reforms of Gorbachev in 1987-88.  

It is well known, that Deng Xiaoping derived his idea of reforms not from economic advisers and ideological schemes, but rather from reacting to grassroots realities and his own experience of comparison between China and the developed countries. He discovered the depth of China’s economic backwardness when he visited Japan in 1978 and the United States in January 1979. The Chinese leader, according to Arne Westad, was “bowled over by the technology, the productivity, and the consumer choices he found” during his visit of several American cities in 1979. Other Chinese party reformers, such as Zhao Ziyang, had a similar shock of comparison. This shock made Deng and his allies in the Politburo to make a decision, unusual for communist reformers: the main engine of China’s modernization would be not the state enterprises, built by the Soviet Union in the 1950s, but instead the “free economic zones” in China’s coastal areas, open to foreign capitalist investments and Western technologies. This strategic choice would determine China’s development.

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In contrast, Gorbachev’s approach to the Soviet economy was not impacted by his personal experience or his foreign trips. Just like other Soviet political leaders, Gorbachev turned to established economists for recommendations. He also had strong ideological predilections for shifting from the “command system” in economy, e.i. the party monopoly in economic decisions, towards some kind of a mixed economy, with workers’ democracy and motivated entrepreneurship without private ownership, a hallmark of “socialism with a human face” of the 1960s vintage. This interaction between Gorbachev’s beliefs and economists’ expertise led to contradictory policies, guided by sub-par economic thinking. Evgeny Yasin, a participant of the deliberations, recalled that so-called “progressive” party economists, such as Abel Aganbegyan, Leonid Abalkin, and Stepan Sitarian, gave the worst kind of advice. 49 In January 1987, Gorbachev finally launched structural reforms: he gave green light to the idea of khozraschet: working collectives of all state enterprises would be empowered to have a say in distribution of their profits, after fulfilling state orders. The working collectives would elect directors of enterprises, would have legal and economic autonomy to form joint ventures with one another. The law on state enterprises would be paired in 1988 with the law on “cooperatives”, in reality private firms and even banks camouflaged with Leninist terminology. Gorbachev and more conservative Politburo members objected to Ryzhkov’s more radical proposal: to allow collective ownership over state enterprises. The outcome was what Gorbachev wanted. This reform had a double effect: it depleted financial resources that the state enterprises sent to the central budget. At the same time, the newly-autonomous state enterprises reduced production and found numerous ways to turn state investments into private profits. 50

While in China the growing private sector boosted productivity, and filled shelves with consumer goods, in the Soviet Union the private sector, in collusion with “autonomous” state enterprises, aggravated the shortages and the inflationary bubble, producing popular discontent. 51

Only in March-April 1989 the Council of Ministers’ commission on economic reforms, headed by Leonid Abalkin, decided to take a closer look at Chinese reforms. Abalkin’s deputy P. Katsura and a group of Soviet economists travelled to China and came back with the conclusion that the dual economy, with its state-planned and market segments, generated a considerable growth of export, accumulation of currency reserves, and economic growth. The conclusions of the experts, however, overlooked the fundamentals of China’s reforms: rigid state controls and the clean division between “two economies,” state-run and private ones. Instead, Abalkin experts recommended exactly the opposite approach, the combination of “mixed economy” and decentralization. 52

By that time the Soviet economic malaise began to affect economic relationship between the Soviet Union and its socialist allies and Western countries; the export-import with China was not an exception. Soviet economic managers and their “cooperative” allies focused on short-term deals that could bring them cash, translatable into foreign currency. The new profiteering spirit overlapped with the conservative inertia of the state enterprises, further decreasing the room for economic cooperation. Lastly, the internal financial hemorrhage soon would place the Soviet Union in the position when it would not be able to credit any long-term trade operations. According to Soviet diplomat Fedotov, some ministries refused to include production of export goods for China into their plans. It became fully obvious that “the Soviet Union had no capacity [ne po plechu] to assist economic growth of China, even on the level of coordination of national economic plans.” 53


The volume of Sino-Soviet trade grew impressively from 176.8 million rubles in 1981 to 1.8 billion rubles in 1986; one third of the Soviet export to China consisted of machinery, equipment, and transportation means, largely to retool the outdated assets of the 1950s. In 1989 the trade volume reached the peak of 2.4 rubles, and declined. The amount of this trade never rose above 3% of the total Chinese foreign trade; by comparison, with Japan it was 20%, and with the United States it was 13%. Geography and demographics also limited regional economic transactions in the Amur-Ussuri region. The main areas of concentration of Soviet industries and most of population were too far from China; the borderlands were heavily militarized, and Vladivostok, the main port, was still a “closed city” for military purposes. Any observer could see the contrast between enormous economic energy bursting on the Chinese side, and dormant, empty vast areas of the Soviet Far East, with mile after mile of barbed-wire and military observation points.  

Gorbachev carried ultimate responsibility for the erroneous policy choices. His false self-confidence added to his economic blindness: he doggedly continued on the disastrous road. In June 1987 Gorbachev egged the hesitant Politburo to rush forward with khozraschet of state enterprises. He evoked Lenin and quoted from the Czarist reformer Count Sergei Witte: reforms should be deep and fast. Turning to economist Sitaryan, he said: “The defense industries must also be transferred to khozraschet…We must keep bombing [the old system] from all directions. This is enormous work.”

There are numerous explanations of Gorbachev’s turn to political liberalization. His liberal-minded advisers Anatoly Chernyaev and Georgy Shakhnazarov, retrospectively believed that Gorbachev was “a democrat by nature.” Generational and cultural background of the Soviet leader connected him to the first post-Stalin cohort of Soviet intellectuals, who developed a set of beliefs and illusions that can be summed up as “socialism with a human face.”  

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56 The working notes of Anatoly Chernyaev at the Politburo, June 11, 1987. Chernyaev Papers, St Antony; V Politbiuro TsK KPSS, p. 196-197.  
political liberalization, noticed that he often used the need of détente with the West as a reason to overcome the conservative resistance. Another thing is obvious: Gorbachev strongly believed that liberalization would help, not hurt economic development. And this belief determined Soviet trajectory in the final years of the USSR.

Above all, Gorbachev proved to be an ideologue, where Deng Xiaoping was a pragmatic. Those who believe that the Soviet leader was blocked by conservative forces, miss this main point: he opposed to privatization and free economic zones himself. Even in mid-1991 he continued to resist the turn to capitalist ownership and dismantling of socialist welfare state. Gorbachev linked this reform to his neo-Leninist faith in transferring more “power” to the masses of workers and intelligentsia. 58 Deng Xiaoping, however, acted more in the original Lenin’s spirit, when he contravened the rising power of private capitalism in China with the reaffirmation of the political-administrative controls in the arms of the CCP. Gorbachev did the opposite: in 1987-88 he prepared for dismantling of the CPSU role as the main owner and manager of Soviet economy and finances, and delegated political and financial rights (but not responsibilities) to “the masses”. It quickly became obvious that this political liberalization, in combination with the disrupted finances, was the road to the state collapse.

Another proof of Gorbachev’s neo-Leninist illusions was his bizarre denial of Chinese economic achievements. A number of observers concluded that Gorbachev viewed his reformation of socialism as a global mission, and China’s sharp deviation from his own philosophy, particularly their stubborn refusal of political decentralization and democratization, caused his irritation and frustration. The Soviet leader did pay attention to the development of Deng’s reforms and complained to the Bulgarian communist leader Todor Zhivkov that the Chinese “disturbed the dialectic between the base and the superstructure.” 59 Several times he wondered, in private conversations with his aides, why there was such “euphoria” about China, “as if China had resolved


59 Karen Brutents, Nesbyvsheesya, Neravnudushnyie zametki o perestroika (Moscow: Mezhdunarodnyie otnosheniia, 2005), p. 228-229; Radchenko, Unwanted visionaries, p. 177-179.
everything.” The Soviet Union, he continued, have everything that China lacks: fertilizers, equipment, intensive methods in agriculture. The problem was how “to link personal interests with socialism,” the problem “that preoccupied [Lenin], and we should think and think about it.” Gorbachev even put in doubt that the Chinese reforms successfully filled the shelves in the shops, and insisted that people could not afford to buy those goods at commercial prices. This was, as one scholar comments, “at best a nonsensical exaggeration”.  

In fairness to Gorbachev and his advisers, even Western economists at this time could not predict the outcome of Chinese economic experiments. In 1987-88 Chinese went through the period of high turbulence, marked by inflation and social tensions. Deng Xiaoping had to respond to anti-market sentiments and launched another campaign against “bourgeois liberalism” that cast a pall on the entrepreneurial activities in the free economic zones (SEZs) and China at large. In 1988, with a run on the banks, Chinese financial system appeared to be on the verge of a crisis. Many observers, not only Gorbachev, expected that China’s economic volatility and new openness to capitalist market would lead to political disturbances. The previous experience of Eastern European countries, and Gorbachev’s ideological blinders made him believe that China would soon become dependent on Western creditors, would not be able to purchase Western equipment. Gorbachev refused to see the obvious: China retained the authoritarian levers to carry out corrective economic politics; the Soviet Union was dismantling them. Still nobody could predict in 1988, that it would be the Soviet Union, and not China, that would soon be in desperate need of foreign loans.

One Summit, Two Crises.

At the end of 1988 Gorbachev and his liberal-minded advisers hoped that soon the Cold War would be over. After three years of delays, Gorbachev finally decided to

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61 Zhao Ziyang’s account tells of fears and dismay that these new phenomena arose in the Chinese leadership at the time, in: Prisoner of the State, p. 127-133, 155-158.
withdraw Soviet forces from Afghanistan. About the same time, Soviet divisions began to leave Mongolia. Gorbachev was feted in Western capitals, lionized by Western media, and acquired a great moral capital in Western liberal public opinion. In June Ronald Reagan came to Moscow, and in December another summit took place in the United States. The rapid development of the Soviet-American detente made the Chinese leadership to reconsider its approach to Gorbachev; it became now “safe” to normalize the Sino-Soviet relations at the highest level, without jeopardizing the priority relations with the United States.

On December 1, 1988, Chinese Foreign Minister Qian Qichen came to Moscow to meet Eduard Shevardnadze and discuss the preparations for the leaders’ summit. Gorbachev was preoccupied with his forthcoming trip to the United States and a milestone speech at the United Nations; the notes of his assistant Chernyaev had no mention of China. True to the standard approach, Qian Qichen spent most of his time in Moscow demanding that the Soviets removed the “last obstacle”: press the Vietnamese to withdraw from Cambodia, as well as the regulation of all issues on the Sino-Soviet border. Shevardnadze refused to make any promises. He did say, however, that all other issues related military security would be resolved to China’s satisfaction. The Soviets suggested an increase of economic, trade, and cultural cooperation.

On February 1, 1989 Shevardnadze flew to Beijing with a mandate from the Politburo to set the terms of Gorbachev’s visit to China, in particular his meeting with Deng Xiaoping. Finally, the Soviet leader became personally engaged in the Sino-Soviet relations. The Soviet delegation believed the terms of the summit were agreed, yet at the last minute the Chinese negotiators back-pedaled. They refused to enter the exact date for the summit into the text of a joint communiqué for publication. The main reason apparently was Deng’s determination to squeeze Soviet concessions on Cambodia.

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63 Hoover Institution Archive (HIA), Teimuraz Stepanov Papers, Box 5, Folder 5. Diary, December 1, 1989.

that time Hanoi announced withdrawal of Vietnamese troops from Cambodia by September 1989, yet Deng did not trust this promise. Li Peng lectured Shevardnadze on perfidious character of the Vietnamese. Stepanov-Mamaladze, who took notes of the meeting, concluded: “Again there is a linkage between the question of a summit and the Cambodia problem.” To sweeten the pill for the Soviet visitor, Li Peng spoke about the great future of Sino-Soviet economic cooperation. Shevardnadze, however, refused to be cornered, and flatly denied any linkage. Deng Xiaoping, who met the Soviet Foreign Minister next day, assured him that the settlement of the Sino-Soviet relations was the last great mission to accomplish, “while I am still alive.” Yet he kept pressing for the joint Sino-Soviet stand against the Vietnamese. Shevardnadze, weathering all this pressure, refused. Only after the Soviet delegation left, the Chinese side agreed to announce the date of the summit.

While Gorbachev celebrated foreign policy success, the domestic political crisis was brewing in the Soviet Union, from the Baltics to South Caucasus. Inter-ethnic violence erupted in Baku and Nagorno-Karabakh. On April 9, 1989, a confrontation between nationalist rally in Tbilisi and Soviet forces, brought in by the Georgian party leadership to restore order, left over twenty victims, some of them women. To stem the tide of popular discontent and nationalist mobilization, Gorbachev made another step towards political liberalization: he introduced a system of political representation, with partially free elections and the Congress of People’s Deputies, not the communist party, as the source of all political legitimacy and authority in the country. Gorbachev hoped the Congress would consolidate the society, ridden by economic and political discontent. His assistant Anatoly Chernyaev was much less sanguine; in his diary on May 13, he wrote: “Gorbachev unleashed everywhere the processes of collapse, already irreversible…Socialism in Eastern Europe is vanishing…[Soviet] economy is falling apart; ideology is no longer there; [Soviet] federation – empire is disintegrating; party is crumbling.” He noticed that “protuberances of chaos have already broken out.”

The enormous Soviet delegation, that included journalists, intellectuals and even artists, arrived in Beijing on May 15. All of a sudden, they faced another political crisis, this time in the Chinese capital. The Chinese students filled the streets of Beijing, and some were on hunger strike on the Tiananmen square. They welcomed Gorbachev and his policies of glasnost and political reforms, and had derogatory remarks about Deng and his age. Yevgeny Primakov, one of Gorbachev’s advisers, opined it was a revolution, caused by discontent with Deng’s economic reforms. “The intelligentsia are angered, they received nothing from the reforms. The youth has turned face towards us.”

Alekandr Yakovlev added: “The revolt of Chinese students is a part of global process” of democratization. Some people, particularly those connected to Moscow liberal intellectuals (many of them were included into Gorbachev’s entourage) suggested Gorbachev should not ignore the students. Some even mused if the Soviet Union was establishing relations with “political corpses” – meaning Deng and the Elders of the CCP. The Soviet leader, however, did not want to divert from the set goal: he needed another geopolitical success, not meddling in a student revolution. 68

In the literature, the summit is often described as “only a handshake, but no embrace.” 69 Yet Gorbachev’s meeting with Deng unexpectedly went very well. The Soviet leader learned the lesson from the time of the Sino-Soviet alliance. He did not search for ideological affinity and refrained from his usual monologue about the global significance of his perestroika. Instead, in deference to the old Chinese leader, he patiently listened to Deng’s monologue about historical injustices, China suffered from the Tsarist Russia and from Stalin’s Soviet Union. At the end, however, Deng dismissed ideological quarrels of the past. “We were also wrong. … The Soviet Union incorrectly perceived China’s place in the world. … The essence of all problems was that we were unequal, that we were subjected to coercion and pressure.” Both leaders agreed that it was time to bury the past and start relations off the new foot. 70

The talks about economic cooperation were more disappointing. At the meeting with the Prime Minister Li Peng, Gorbachev tried to speak about expanding Soviet

70 Mikhail Gorbachev, Zhizn’ i Reformy, Vol. 2, 439.
exports of energy, transport, and metallurgy, but the Chinese leader seemed to have forgotten about grand schemes, such as the joint development of Siberia or the use of the Trans-Siberian railroad as the venue for China’s trade with Europe. Instead, Li Peng asked if the Soviet Union could help China with investments. The head of Gosplan Yuri Masliukov responded tactlessly, but frankly: “We have no means.” Gorbachev attempted to correct the bad impression by saying: “Means are made by people.” He urged the Gosplan leader “to think big” instead of thinking about problems and shortages of money. It is mandatory, he said, “to organize a breakthrough” in Sino-Soviet cooperation. Masliukov stubbornly persisted in his gloomy realism. He complained that the Soviet Union was a 3.5 times smaller economy than the United States. And he enquired why China refused to cooperate with the Soviet Union in the high-tech sector. This was the moment of truth. Li Peng then revealed the Chinese were interested only in Soviet raw materials; for the hi-tech they already turned to the United States and Japan. Chinese labor, Li Peng said, could be sent to the Soviet Far East to organize the logging of wood and the production of soy. Gorbachev might have suspected decided that the Chinese were testing him: cheap Vietnamese labor was already used at Soviet factories. He responded cautiously that there should be some contracting system developed, “so that you would not look like the sellers of labor, and we would not look like buyers.”

No breakthrough in trade and joint economic projects was achieved.

The Soviet delegation flew back to Moscow with mixed feelings: satisfaction with the successful normalization of relations was marred by concerns about China’s future. On June 4, Gorbachev and the rest of the whole world, watched on CNN the brutal crackdown on Tiananmen Square that resulted in many students’ death and crushed the movement towards “socialism with a human face” in China. Gorbachev pragmatically refused to denounce the crackdown. For him the turmoil in Beijing must have corroborated his long-held view that Deng’s reforms were bound to create political tensions and political liberalization was the only way to resolve them without spilling blood. According to one witness, historian Roy Medvedev, Gorbachev said to his entourage in the Soviet embassy in Beijing on May 15: “Some of those present here have promoted the idea of taking the Chinese road. We saw today where this road

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leads. I do not want the Red Square to look like Tiananmen Square.” The Soviet leader became even more convinced that his strategy of reforms, aimed to avoid violence and build “mixed economy” without extremes of capitalist privatization and inequality was the only correct way.

The Soviets and the Chinese were having parallel crises, yet the Chinese one was brutally aborted, while the Soviet crisis was only starting. Nobody knew at that moment, that China, after a difficult post-Tiananmen hiatus, would experience a phenomenal economic takeoff. The Bush Administration showed geopolitical pragmatism: for George H.W. Bush and his advisers the Cold War was not over, and they did not want to push China into Soviet embrace. American economic engagement with China continued. And after intense discussion, Deng resolved to re-launch economic liberalization. That was the start of the Chinese ‘economic miracle’ of the 1990s. Deng’s dream to withdraw China from misery and place it in a central place in international affairs, next to the United States, began to come true.

At the same time, in 1990 the Soviet Union, more destabilized than reformed, torn and paralyzed by national separatism, economic crisis, and populist politics, was rapidly sliding towards self-destruction and extinction. In contrast to the growing investments into China’s new market sectors, Western countries and Japan did not help Gorbachev to fulfill his dream: to bring the Soviet Union into liberal global order and make it an equal partner to the United States in a new architecture of “Common European Home.” In the conditions of political instability, chaotic decentralization, and destabilization of finances, Western banks and global financial markets decided to stay away from the Soviet Union. The Soviets had good credit history, but it was marred by the nonpayments of the Tsar-time loans and “Kerensky debts”. In 1990 the Soviet Union lost any ability to refinance their growing foreign debts. Gorbachev was forced to use his “special relations” with Helmut Kohl in West Germany, as well as other foreign leaders, to obtain foreign loans to prevent Soviet default and stoppage of import deliveries. And in Spring of 1991, when the Soviet leader expected a kind of “Marshall plan” to sustain Soviet economy, he was respectfully rejected. By that time the collapsing Soviet economy turned into a “rat-hole”

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for foreign money. The Soviet Union went down to its political demise shortly afterwards. 73

Conclusion

The history passed its verdict on Chinese and Soviet reforms, on Deng Xiaoping and Gorbachev. Deng became recognized the founder of modern China, potentially the biggest economy in the world, and a new pillar of the global liberal order. The Soviet leader received the Nobel Peace Prize in 1990 and was recognized by liberal-democratic community for not using violence, yet he led the Soviet Union towards its self-destruction; this collapse left the resentful, criminalized, and weak Russia in a humiliatingly marginal place in the new world order, led by the United States.

Nobody could predict such a stark verdict during the 1980s. In China, still vastly underdeveloped, poor, and agriculture, the communist leadership began a high-risk experiment of state-controlled capitalism: privatization in agriculture, creation of free economic zones, and massive transfer of western technologies. In the Soviet Union, burdened with militarized central industries and massive welfare system, the leadership chose a low-risk path towards decentralization, European ideas of “socialism with a human face,” workers’ democracy, and political liberalization. Gorbachev behaved as the leader of a superpower, and was “the leader for the world,” while Deng, focused on his country’s modernization, was “the leader for China.” The two divergent reformist quests made both countries distance from the common Marxist-Leninist roots that first brought them together. Instead of a new rivalry and mutual accusations, this distancing produced a cautious and limited normalization. This was a reconciliation, but not leading to a vibrant partnership. Rather, it amounted to a polite divorce: mutual acceptance of each other’s equality, geopolitical independence, and different road to modernization.

At their meeting, Gorbachev and Deng Xiaoping agreed to bury the past. At the same time, they drew very different lessons from the common communist history, and they formed diametrically opposite lessons regarding the future. The Tiananmen tragedy confirmed both leaders in their determination not to emulate each other. The Soviet leader became even more determined to pursue liberalization, to avoid a conflagration of violence. This course, like the economic de-centralization and delegation of profits earlier, led to the extinction of the Soviet Union. The Chinese leader, on the contrary, reasserted the authoritarian regime, yet three years later returned to his modernization course; he was confident that it, as long as the communist party was intact and the control over the army was assured, it would be possible to control domestic market forces, and use global liberal capitalism for the benefit of China’s rise.

Geopolitics played important, but secondary role in the Sino-Soviet reconciliation. It looms larger in the story of China’s economic success and Soviet economic failure. All successive US administrations, acting on their security interests, wanted to prevent China from leaning back to the Soviet Union. This created a propitious environment for allowing the Chinese leadership to walk through first most difficult stages of economic modernization and openness to the capitalist market economies. The Soviet Union, because of its central role in the Cold War and its continuous security threat to the United States, was denied similar environment and support.

The role of geopolitics, however, pales next to the impact of the different choices of economic reforms made by the Chinese and Soviet leaders. Those choices, more than the American reticence or benevolence, determined the fate of the two communist countries. From the vantage point of today, the story of competitive reformist strategies, still inadequately studied and compared, occupies the central role in the endgame of the Sino-Soviet relations. The Chinese case challenged the certainties of liberal Western scholarship: after all, China proved it was impossible to reform the “totalitarian” communist system and embed it into the capitalist world. At the same time, the Soviet case also begs for a fresh approach: both those who had hailed Gorbachev’s political liberalization as the best road to reform the Soviet Union, and those who believed that the Soviet system was beyond reform are proven wrong. In reality, the Soviet leadership unwittingly put the country on the road of rapid economic self-destruction and financial
destabilization. The only way to restore that stability was by authoritarian policies to restore economic stability. Instead, Gorbachev decided to avoid his own “Tiananman” and turn on political liberalization. After that, the eroding Soviet economy and the Soviet Union itself could no longer be saved; they could only collapse.