**Perestroika**

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*This article is about the term. For the computer game, see [Perestroika (computer game)](http://en.wikipedia.org/wiki/Perestroika_%28computer_game%29%22%20%5Co%20%22Perestroika%20%28computer%20game%29). For the play by Tony Kushner, see [Angels in America](http://en.wikipedia.org/wiki/Angels_in_America%22%20%5Co%20%22Angels%20in%20America). For the movement in political science, see [Perestroika Movement (political science)](http://en.wikipedia.org/wiki/Perestroika_Movement_%28political_science%29%22%20%5Co%20%22Perestroika%20Movement%20%28political%20science%29).*

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| **перестройка** |
| [Russian](http://en.wikipedia.org/wiki/Russian_language) term |
| [**Translit**](http://en.wikipedia.org/wiki/Romanization_of_Russian) | perestroika |
| [**English**](http://en.wikipedia.org/wiki/Translation) | *restructuring, rebuilding* |

[**Perestroika**](http://upload.wikimedia.org/wikipedia/commons/9/90/Ru-perestroika.ogg) ([help](http://en.wikipedia.org/wiki/Wikipedia%3AMedia_help)·[info](http://en.wikipedia.org/wiki/File%3ARu-perestroika.ogg)) ([Russian](http://en.wikipedia.org/wiki/Russian_language): Перестройка) is the [Russian](http://en.wikipedia.org/wiki/Russian_language) term (now used in English) for the political and economic reforms introduced in June 1987[[1]](http://en.wikipedia.org/wiki/Perestroika#cite_note-0#cite_note-0) by the [Soviet](http://en.wikipedia.org/wiki/Soviet_Union) leader [Mikhail Gorbachev](http://en.wikipedia.org/wiki/Mikhail_Gorbachev). Its literal meaning is "restructuring", referring to the restructuring of the Soviet economy.

Perestroika is often argued to be one reason for the fall of [communist political forces](http://en.wikipedia.org/wiki/Communism) in the [Soviet Union](http://en.wikipedia.org/wiki/Soviet_Union) and [Eastern Europe](http://en.wikipedia.org/wiki/Eastern_Europe), and for the end of the [Cold War](http://en.wikipedia.org/wiki/Cold_War).[[2]](http://en.wikipedia.org/wiki/Perestroika#cite_note-1#cite_note-1)

*Perestroika* poster with [Mikhail Gorbachev](http://en.wikipedia.org/wiki/Mikhail_Gorbachev)

**Political reforms**

Right after Mikhail Gorbachev took the office of the [General Secretary](http://en.wikipedia.org/wiki/General_Secretary_of_the_Communist_Party_of_the_Soviet_Union) of the [CPSU Central Committee](http://en.wikipedia.org/wiki/Central_Committee_of_the_Communist_Party_of_the_Soviet_Union) there were significant changes of the top Party leaders. He wrote the book *Perestroika* in 1987, which is now used to interpret beliefs of the time.

Gorbachev had concluded that implementing his reforms outlined at the [Twenty-Seventh Party Congress](http://en.wikipedia.org/wiki/27th_Congress_of_the_Communist_Party_of_the_Soviet_Union) in February 1986 required more than discrediting the old guard. He changed his strategy from trying to work through the CPSU as it existed and instead embraced a degree of political [liberalization](http://en.wikipedia.org/wiki/Liberalization). In January 1987, he appealed over the heads of the party to the people and called for [*demokratizatsiya*](http://en.wikipedia.org/wiki/Demokratizatsiya). For Gorbachev, *demokratizatsiya* originally meant the introduction of multi-[candidate](http://en.wikipedia.org/wiki/Candidate) (but not [multiparty](http://en.wikipedia.org/wiki/Multi-party_system)) elections for local [Communist Party](http://en.wikipedia.org/wiki/Communist_Party_of_the_Soviet_Union) (CPSU) and [Soviets](http://en.wikipedia.org/wiki/Soviet_%28council%29). In this way, he hoped to rejuvenate the party with progressive personnel who would carry out his institutional and policy reforms. The CPSU would retain sole custody of the ballot box.

Gorbachev increasingly found himself caught between criticism by conservatives who wanted to stop reform and liberals who wanted to accelerate it. Meanwhile, despite his intention to maintain a one-party system, the elements of a multiparty system already were crystallizing.

Despite some setbacks, he continued his policy of *demokratizatsiya*, and he enjoyed his worldwide perception as the reformer. In June 1988, at the CPSU's Nineteenth Party Conference, the first held since 1941, Gorbachev and his supporters launched radical reforms meant to reduce party control of the government apparatus. He again called for multicandidate elections for regional and local legislatures and party first secretaries and insisted on the separation of the government apparatus from party bodies at the regional level, as well. In the face of an overwhelming majority of conservatives, Gorbachev still was able to rely on party obedience to the higher authorities to force through acceptance of his reform proposals. Expertscalled the conference a successful step in promoting party-directed change from above.

At an unprecedented emergency [Central Committee](http://en.wikipedia.org/wiki/Central_Committee_of_the_Communist_Party_of_the_Soviet_Union) [plenum](http://en.wikipedia.org/wiki/Plenum) called by Gorbachev in September 1988, three stalwart old-guard members left the Politburo or lost positions of power. Andrey Gromyko retired from the [Politburo](http://en.wikipedia.org/wiki/Politburo_of_the_Central_Committee_of_the_Communist_Party_of_the_Soviet_Union), [Yegor Ligachev](http://en.wikipedia.org/wiki/Yegor_Ligachev) was relieved of the ideology portfolio within the Politburo's Secretariat, and [Boris Pugo](http://en.wikipedia.org/wiki/Boris_Pugo) replaced Politburo member Mikhail Solomentsev as chairman of the powerful [CPSU Party Control Committee](http://en.wikipedia.org/wiki/CPSU_Party_Control_Committee). The [Supreme Soviet of the Soviet Union](http://en.wikipedia.org/wiki/Supreme_Soviet_of_the_Soviet_Union) then elected Gorbachev chairman of the Presidium of the Supreme Soviet, giving Gorbachev the attributes of power that previously [Leonid Brezhnev](http://en.wikipedia.org/wiki/Leonid_Brezhnev) had. These changes meant that the Secretariat, until that time solely responsible for the development and implementation of state policies, had lost much of its power.

Meaningful changes also occurred in governmental structures. In December 1988, the Supreme Soviet approved formation of a [Congress of People's Deputies](http://en.wikipedia.org/wiki/Congress_of_Soviets), which constitutional amendments had established as the Soviet Union's new legislative body. The Supreme Soviet then dissolved itself. The amendments called for a smaller working body of 542 members, also called the Supreme Soviet, to be elected from the 2,250-member Congress of People's Deputies. To ensure a communist majority in the new parliament, Gorbachev reserved one-third of the seats for the CPSU and other public organizations.

The March 1989 election of the Congress of People's Deputies marked the first time that voters of the Soviet Union ever chose the membership of a national legislative body. The results of the election stunned the ruling elite. Throughout the country, voters crossed offthe ballot unopposed communist candidates, many of them prominent party officials, taking advantage of the nominal privilege of withholding approval of the listed candidates. However, the Congress of People's Deputies that emerged still contained 87 percent CPSU members. Genuine reformists won only some 300 seats.

In May the initial session of the Congress of People's Deputies electrified the country. For two weeks on live television, deputies from around the country railed against every scandal and shortcoming of the Soviet system that could be identified. Speakers spared neither Gorbachev, the [KGB](http://en.wikipedia.org/wiki/KGB), nor the military. Nevertheless, a conservative majority maintained control of the congress. Gorbachev was elected without opposition to the chairmanship of the new Supreme Soviet; then the Congress of People's Deputies elected a large majority of old-style party [apparatchiks](http://en.wikipedia.org/wiki/Apparatchik) to fill the membership of its new legislative body. Outspoken opposition leader Yeltsin obtained a seat in the Supreme Soviet only when another deputy relinquished his position. The first Congress of People's Deputies was the last moment of real control for Gorbachev over the political life of the Soviet Union.

In the summer of 1989, the first opposition bloc in the Congress of People's Deputies formed under the name of the Interregional Group. The members of this body included almost all of the liberal and Russian nationalist members of the opposition led by [Boris Yeltsin](http://en.wikipedia.org/wiki/Boris_Yeltsin).

A primary issue for the opposition was the repeal of Article 6 of the constitution, which prescribed the supremacy of the CPSU over all the institutions in society. Faced with opposition pressure for the repeal of Article 6 and needing allies against hard-liners in the CPSU, Gorbachev obtained the repeal of Article 6 by the February 1990 Central Committee plenum. Later that month, before the Supreme Soviet, he proposed the creation of a new office of [president of the Soviet Union](http://en.wikipedia.org/wiki/President_of_the_Soviet_Union), for himself to be elected by the Congress of People's Deputies rather than the popular elections. Accordingly, in March 1990 Gorbachev was elected for the third time in eighteen months to a position equivalent to Soviet head of state. Former first deputy chairman of the Supreme Soviet Anatoliy Luk'yanov became chairman of the Supreme Soviet, but first time in the history of the USSR this position was stripped of powers of the head of state. The Supreme Soviet became similar to Western parliaments. Its debates were televised daily.

By the time of the Twenty-Eighth Party Congress in July 1990, the CPSU was regarded by liberals and nationalists of the constituent republics as anachronistic and unable to lead the country. The CPSU branches in many of the fifteen Soviet republics began to split into large pro-sovereignty and pro-union factions, further weakening central party control.

In a series of humiliations, the CPSU had been separated from the government and stripped of its leading role in society and its function in overseeing the national economy. However, the majority of its apparatchiks were successful in obtaining leading positions in the newly formed democratic institutions. For seventy years, CPSU had been the cohesive force that kept the union together; without the authority of the party in the Soviet center, the nationalities of the constituent republics pulled harder than ever to break away from the union.

**Economic reforms**

During the initial period (1985-1987) of Mikhail Gorbachev's time in power, he talked about modifying [central planning](http://en.wikipedia.org/wiki/Central_planning), but did not make any truly fundamental changes ([*uskoreniye*](http://en.wikipedia.org/wiki/Uskoreniye), acceleration). Gorbachev and his team of economic advisers then introduced more fundamental reforms, which became known as *perestroika* (economic restructuring).

At the June 1987 [plenary session](http://en.wikipedia.org/wiki/Plenary_session) of the [Central Committee](http://en.wikipedia.org/wiki/Central_Committee_of_the_CPSU) of the [Communist Party of the Soviet Union](http://en.wikipedia.org/wiki/Communist_Party_of_the_Soviet_Union) (CPSU), Gorbachev presented his "basic theses," which laid the political foundation of economic reform for the remainder of the existence of the Soviet Union.

In July 1987, the [Supreme Soviet of the Soviet Union](http://en.wikipedia.org/wiki/Supreme_Soviet_of_the_Soviet_Union) passed the Law on State Enterprise. The law stipulated that state enterprises were free to determine output levels based on demand from consumers and other enterprises. Enterprises had to fulfill state orders, but they could dispose of the remaining output as they saw fit. Enterprises bought inputs from suppliers at negotiated contract prices. Under the law, enterprises became self-financing; that is, they had to cover expenses (wages, taxes, supplies, and debt service) through revenues. No longer was the government to rescue unprofitable enterprises that could face bankruptcy. Finally, the law shifted control over the enterprise operations from ministries to elected workers' collectives. [Gosplan](http://en.wikipedia.org/wiki/Gosplan)'s ([Russian](http://en.wikipedia.org/wiki/Russian_language): Государственный комитет по планированию, State Committee for Planning) responsibilities were to supply general guidelines and national investment priorities, not to formulate detailed production plans.

The [Law on Cooperatives](http://en.wikipedia.org/wiki/Law_on_Cooperatives), enacted in May 1988, was perhaps the most radical of the economic reforms during the early part of the Gorbachev era. For the first time since [Vladimir Lenin](http://en.wikipedia.org/wiki/Vladimir_Lenin)'s [New Economic Policy](http://en.wikipedia.org/wiki/New_Economic_Policy), the law permitted [private ownership](http://en.wikipedia.org/wiki/Private_ownership) of businesses in the services, manufacturing, and foreign-trade sectors. The law initially imposed high taxes and employment restrictions, but it later revised these to avoid discouraging private-sector activity. Under this provision, cooperative restaurants, shops, and manufacturers became part of the Soviet scene.

*Perestroika* postage stamp, 1988

Gorbachev brought *perestroika* to the Soviet Union's foreign economic sector with measures that Soviet economists considered bold at that time. His program virtually eliminated the monopoly that the Ministry of Foreign Trade had once held on most trade operations. It permitted the ministries of the various industrial and agricultural branches to conduct foreign trade in sectors under their responsibility rather than having to operate indirectly through the bureaucracy of trade ministry organizations. In addition, regional and local organizations and individual state enterprises were permitted to conduct foreign trade. This change was an attempt to redress a major imperfection in the Soviet foreign trade regime: the lack of contact between Soviet end users and suppliers and their foreign partners.

The most significant of Gorbachev's reforms in the foreign economic sector allowed foreigners to invest in the Soviet Union in the form of [joint ventures](http://en.wikipedia.org/wiki/Joint_venture) with Soviet ministries, state enterprises, and cooperatives. The original version of the Soviet Joint Venture Law, which went into effect in June 1987, limited foreign shares of a Soviet venture to 49 percent and required that Soviet citizens occupy the positions of chairman and general manager. After potential Western partners complained, the government revised the regulations to allow majority foreign ownership and control. Under the terms of the Joint Venture Law, the Soviet partner supplied labor, infrastructure, and a potentially large domestic market. The foreign partner supplied capital, technology, entrepreneurial expertise, and, in many cases, products and services of world competitive quality.

Gorbachev's economic changes did not do much to restart the country's sluggish economy in the late 1980s. The reforms decentralized things to some extent, although price controls remained, as did the ruble's inconvertibility and most government controls over the means of production.

By 1990 the government had virtually lost control over economic conditions. [Government spending](http://en.wikipedia.org/wiki/Government_spending) increased sharply as an increasing number of unprofitable enterprises required state support and consumer price subsidies continued. Tax revenues declined because republic and local governments withheld tax revenues from the central government under the growing spirit of regional autonomy. The elimination of central control over production decisions, especially in the consumer goods sector, led to the breakdown in traditional supply-demand relationships without contributing to the formation of new ones. Thus, instead of streamlining the system, Gorbachev's decentralization caused new production bottlenecks.

**Comparison with China**

*Perestroika* and [Deng Xiaoping](http://en.wikipedia.org/wiki/Deng_Xiaoping)'s [economic reforms](http://en.wikipedia.org/wiki/Chinese_economic_reform) have similar origins but very different effects on their respective countries' economies. Both efforts occurred in large communist countries attempting to modernize their economies, but while China's GDP has grown consistently since the late 1980s (albeit from a much lower level), national GDP in the USSR and in many of its successor states fell precipitously throughout the 1990s.[[4]](http://en.wikipedia.org/wiki/Perestroika#cite_note-3#cite_note-3)[[*citation needed*](http://en.wikipedia.org/wiki/Wikipedia%3ACitation_needed)] Gorbachev's reforms were largely a top-down attempt at reform, and maintained many of the macroeconomic aspects of the command economy (including price controls, inconvertibility of the ruble, exclusion of private property ownership, and the government monopoly over most means of production). Reform was largely focused on industry and on cooperatives, and a limited role was given to the development of foreign investment and international trade. Factory managers were expected to meet state demands for goods, but to find their own funding. *Perestroika* reforms went far enough to create new bottlenecks in the Soviet economy, but arguably did not go far enough to effectively streamline it. Chinese economic reform was, by contrast, a bottom-up attempt at reform, focusing on light industry and agriculture (namely allowing peasants to sell produce grown on private holdings at market prices).

Economic reforms were fostered through the development of "[Special Economic Zones](http://en.wikipedia.org/wiki/Special_Economic_Zone)", designed for export and to attract foreign investment, municipally-managed [Township and Village Enterprises](http://en.wikipedia.org/wiki/Township_and_Village_Enterprises) and a "dual pricing" system leading to the steady phasing out of state-dictated prices. Greater latitude was given to managers of state-owned factories, while capital was made available to them through a reformed banking system and through fiscal policies (in contrast to the fiscal anarchy and fall in revenue experienced by the Soviet government during *perestroika*). Another fundamental difference is that where perestroika was accompanied by greater political freedoms under Gorbachev's [glasnost](http://en.wikipedia.org/wiki/Glasnost) policies, Chinese economic reform has been accompanied by continued, albeit relaxed, [authoritarian rule](http://en.wikipedia.org/wiki/Authoritarianism) and a suppression of political dissidents, most notably at [Tiananmen Square](http://en.wikipedia.org/wiki/Tiananmen_Square_protests_of_1989).

**Summary**

The perestroika reforms began the process leading to the dismantling of the Soviet-era [command economy](http://en.wikipedia.org/wiki/Planned_economy) and its replacement with a [market economy](http://en.wikipedia.org/wiki/Market_economy). However, the process arguably exacerbated already existing social and economic tensions within the Soviet Union, and no doubt helped to further nationalism among the constituent republics, as well as social fragmentation. The economic chaos that began with perestroika helped both to empower [organized crime](http://en.wikipedia.org/wiki/Russian_Mafia) and allowed businessmen with the right connections to amass great personal fortunes as Russia's [oligarchs](http://en.wikipedia.org/wiki/Business_oligarch). Central Committee members, secretaries of regional committees and KGB Generals (whatever their titles may be now) have become multi-millionaires, modern politburo members have become multi-billionaires.[[5]](http://en.wikipedia.org/wiki/Perestroika#cite_note-4#cite_note-4) The economic freedoms instituted by Gorbachev under *perestroika* and the issues that arose as a result of these reforms arguably helped to begin the unraveling of [Soviet society](http://en.wikipedia.org/wiki/Soviet_society) and hastened the [end of the Soviet Union](http://en.wikipedia.org/wiki/End_of_the_Soviet_Union).

**See also**

* [History of the Soviet Union (1985–1991)](http://en.wikipedia.org/wiki/History_of_the_Soviet_Union_%281985%E2%80%931991%29)
* [Uskoreniye](http://en.wikipedia.org/wiki/Uskoreniye)
* [Glasnost](http://en.wikipedia.org/wiki/Glasnost)
* [Demokratizatsiya](http://en.wikipedia.org/wiki/Demokratizatsiya)
* [500 Days](http://en.wikipedia.org/wiki/500_Days)
* [Brezhnev stagnation](http://en.wikipedia.org/wiki/Brezhnev_stagnation)
* [Predictions of Soviet collapse](http://en.wikipedia.org/wiki/Predictions_of_Soviet_collapse)
* [Revolutions of 1989](http://en.wikipedia.org/wiki/Revolutions_of_1989)

**Notes**

1. [**^**](http://en.wikipedia.org/wiki/Perestroika#cite_ref-0#cite_ref-0) [*Gorbachev and Perestroika*](http://mars.wnec.edu/~grempel/courses/wc2/lectures/gorrev.html) Professor Gerhard Rempel, Department of History, Western New England College, 1996-02-02, accessed 2008-07-12
2. [**^**](http://en.wikipedia.org/wiki/Perestroika#cite_ref-1#cite_ref-1) [*Gorbachev on 1989*](http://www.thenation.com/doc/20091116/kvh_cohen) Katrina vanden Heuvel & Stephen F. Cohen 2009-10-28
3. [**^**](http://en.wikipedia.org/wiki/Perestroika#cite_ref-2#cite_ref-2) Brooks, Karen M. (1988). [*The Law on Cooperatives, Retail Food Prices, and the Farm Financial Crisis in the U.S.S.R.*](http://ageconsearch.umn.edu/bitstream/13265/1/p88-29.pdf) ([PDF](http://en.wikipedia.org/wiki/PDF)). University of Minnesota. Department of Agricultural and Applied Economics. Retrieved on 14 August 2009.
4. [**^**](http://en.wikipedia.org/wiki/Perestroika#cite_ref-3#cite_ref-3) [IMF World Economic Outlook Database April 2006](http://www.imf.org/external/pubs/ft/weo/2006/01/data/dbcselm.cfm?G=2001)
5. [**^**](http://en.wikipedia.org/wiki/Perestroika#cite_ref-4#cite_ref-4) Russia's new perestroika? <http://www.opendemocracy.net/article/email/russias-new-perestroika> \