BOOK REVIEWS

Dismantling Utopia: How Information Ended the Soviet Union

Scott Shane

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From 1988 through 1991, Scott Shane, as a correspondent in Moscow for the *Baltimore Sun*, experienced firsthand the collapse of the Soviet empire. During those tumultuous years, the cracks that had always existed in the communist system of central planning and single-party rule widened until the system itself had to be dismantled, not merely reformed. Shane provides an insightful account of the fall of the Soviet empire; his central thesis is that "information slew the totalitarian giant."

Under communism, the Soviet state had a monopoly on information. It was the duty of the secret police, the KGB, to know everything about everyone and the duty of bureaucrats to run the economy like a machine. But it was only a matter of time before the inherent contradictions of the Soviet system would clog the wheels of the giant machine and bring it to a halt. That time came with the ascent of Mikhail Gorbachev to

power in March 1985.

When Gorbachev became head of the Soviet Communist party, he recognized the crisis that confronted the rigid system of central planning in a world that was becoming increasingly competitive and in which information technology was changing economic and social realities. He persuaded the party elite that if socialism were to survive, economic restructuring (perestroika) would be necessary along with greater openness (glasnost) so that information could be better utilized. What he failed to realize, however, was that once his policy of glasnost took effect, there would be no turning back—people could see for themselves that the only way toward a normal life and improved living standards was to end communism and let markets deliver what consumers wanted rather than what the state dictated.

Shane shows, with a journalist's eye for detail, how the thaw in information control exposed the horrors of Stalinism, the corruption of central planning, and the illusion of "the Soviet family of nations." He begins his story, however, with a glimpse of just how uncertain any prediction of the demise of the Soviet police state would have been in 1985.

One should not forget what it was like in the Soviet Union only a short time ago and how absurd the Soviet system was. Under the infamous Article 70 of the Soviet criminal code, anyone who tried to weaken the Soviet state was suspect and liable to end up in prison. The arbitrary interpretation of the law made any exchange of information outside official channels dangerous.

Andrei Mironov was one of the last to be tried under Article 70. In chapter 1, Shane tells Mironov's story and notes that his crime was "information." He was considered "worse than a murderer" because he "systematically listened to broadcasts of foreign radio stations,...became acquainted with literature published abroad, and entered into contact with foreigners and people with negative views of Soviet reality." He "declared that the Soviet economy is on the verge of collapse," decried "the absence...of democracy, personal rights and freedoms," and openly acknowledged "the superiority of the West" (pp. 40–41). That was in 1985. In February 1987, Mironov was released as a result of glasnost, but he continued to be tracked by the KGB. In such an environment, who would have predicted that the Communist party would lose its monopoly on power in March 1990 and that the Soviet Union would cease to exist by the end of 1991?

The increasing tension between information control and economic growth caused the Soviet crisis to come to a head in the late 1980s, argues Shane. Although Gorbachev sought to capitalize on the new information technology, to increase Soviet economic power, he also sought to maintain party control. As Shane writes, the architect of perestroika and glasnost only wanted "to renew socialism, not to destroy it." That impulse is clearly visible in chapter 2.

When Gorbachev was elected to head the Soviet Communist party, on March 11, 1985, he urged his comrades "to continue to expand glasnost." But his purpose was to energize the state and the party, not to dismantle them. As he stated, "The better informed people are, the more intelligently they act and the more actively they support the Party" (p. 65).

In the 1930s, people wanted to believe in the superiority of central planning as a way of organizing economic activity. But, by the 1980s, people were tired of empty promises. Glasnost fueled their anger as they discovered that most of the things they had been taught about Soviet paradise and capitalist hell were fabricated. Alexander Tsypko, a prominent Soviet philosopher remarked, "It is hard—very hard—to admit that your life and your work are being senselessly wasted and that you are living in an unnatural, false society, headed with your country for the dead end of history" (Tsypko 1991: 286).

The dismal state of Soviet information technology and the strict controls on information resulted in only 200,000 microcomputers in the USSR in 1987 compared with about 25 million in the United States. That statistic, writes Shane, is "a telling symptom of the economic crisis Gorbachev inherited."

Chapter 3, "What Price Socialism? An Economy without Information," could have been written by Ludwig von Mises or F. A. Hayek. Although Shane nowhere mentions the pioneering work of the two Austrian economists, who long ago predicted the impossibility of efficiently allocating resources without competitively determined market prices and private property rights, his findings show that they were right and Marx was wrong. This chapter can be profitably read by both economists and non-economists—it gets to the heart of the information failure in the Soviet system of central planning without getting mired in technical jargon.

Shane shows the difficulty of trying to ration scarce goods without the price mechanism and the loss of freedom that occurs when economic life is strictly controlled by the state. By keeping the prices of consumer goods artificially low, the Soviet planners created the ubiquitous "waiting line." Around that institution grew "an elaborate subculture. . .with its own habits and rules." The odd thing is that shortages appeared even for goods that the Soviet Union produced in abundance. In the late 1980s, for instance, the USSR produced more than three pairs of shoes for each citizen, but people had to wait to buy shoes. The problem was that the available shoes did not reflect consumers' tastes: the shoes were made to fulfil a government plan, not to satisfy market demand. Thus, consumers had to wait in line for hours to find shoes that fit and were stylish—and most of those shoes were imported.

That "malfunction," argues Shane, was due to information control:

Prices are information—the information producers need in order to know what and how much to produce. In a market for a product as varied in material and design as footwear, shifting prices are like sensors taped to the skin of a patient in a medical experiment; they provide a constant flow of information about consumer needs and preferences. When the state controlled prices, it deprived producers of information about demand [p. 77].

The politicization of economic life in the Soviet Union meant that "prices functioned as propaganda and therefore malfunctioned as economic indicators." Keeping the prices of food and housing artificially low helped support the myth of a Soviet socialist utopia or, as Shane puts it, "Controlled prices were an indispensable prop for the Soviet illusion" (p. 79).

Without the feedback of prices based on demand and supply, planners had to make production decisions on the basis of past data rather than on current consumer preferences. As a result, production targets could change dramatically, as could prices. In the case of laundry soap, for example, an acute shortage turned into a giant surplus in less than two years. Without the guidance of prices, "the soap industry was like a hugh truck with no steering wheel, careening from one curb to the other" (p. 84).

Because the state empowered bureaucrats to set prices and made illegal what was natural—the inclination to make one's self and one's

family better off by private production and market exchange—people had a strong incentive to break the law. The "shadow economy" became a way of life and helped people survive. Those who operated in the parallel market economy were "economic dissidents," argues Shane. "By exercising economic freedom, they were challenging the state's monopoly on the economy, just as a political dissident who asserted freedom of speech or of the press challenged the state's monopoly on ideology" (p. 92).

The Soviet system was totally corrupt. Those in power readily accepted bribes from those who found market activity more lucrative than following orders from party bureaucrats. Shane provides numerous examples of such corruption: from the illegal use of Xerox machines by workers at the Communist party's headquarters to "the Uzbec affair," in which party members enriched themselves by underreporting cotton production, selling the residual on the black market and accepting large bribes. "What became increasingly clear after 1988," writes Shane, "was that the Stalinist economy, still essentially intact, could not be reformed. It could only be dismantled, and a market economy grown in the ruins" (p. 98).

In the remainder of the book, Shane describes the forces that brought about the collapse of communism and the important role glasnost played in that process. Chapter 4 ironically shows that the KGB was the force behind Gorbachev's decision to relax controls on information and allow greater access to new information technology. The KGB recognized that if the Communist party was to stay in power, the economy had to be strengthened. To do so, however, required that the Soviets participate in the information revolution that was transforming the global economy.

In Chapters 5–7, Shane carefully documents the rapid changes that took place in Soviet culture after Gorbachev began to relax information controls in 1987. As a result of greater freedom of information, people began to learn the truth about Soviet history. Indeed, Shane notes that "by mid-1988 so much had been published that contradicted the textbooks that school history exams for the year had to be canceled" (p. 123).

The main communist medium of propaganda was television, but, with glasnost, new programs were allowed and broadcasters began to cover politics in an exciting way. On May 31, 1989, former Olympic weight lifter Yuri Vlasov, a legislator in the Congress of People's Deputies, launched a vicious attack on the KGB that was carried live on Soviet television. Shane estimates that Vlasov's speech was viewed by nearly 200 million people. Television allowed Vlasov and others to reveal the lies and atrocities of the KGB and its reign of terror. Once those lies were exposed, the truth could no longer be concealed. Films that had been hidden away by the Soviet government were made public for the first time. People were able to see, for instance, the faces of starving peasants during the 1932-33 famine in which up to 7 million people lost their lives. It is noteworthy that, "compulsive about record-keeping, the Soviet government filmed everything and locked the films away, inadver-

tently creating a mother lode of material for television glasnost in the 1980s" (p. 160).

Glasnost also expelled the idea that markets are dehumanizing. World-famous eye surgeon Sviatoslav Fyodorov, for example, told a TV audience that, rather than making people insensitive, the free market cultivates "normal human relations." Whereas under communism, "we've forgotten what kindness is, humanism, nobility, self-esteem. We've been turned

into an appendage of a huge bureaucratic machine" (p. 161).

To contrast the barrenness of the Soviet economic landscape with the bounty of market-based economies, a popular Soviet TV program, Vzglyad, depicted the difference between West German shops and a Moscow factory. While the shops were filled with goods that consumers wanted, the factory was filled with busts of Lenin that were piling up on shelves—and the Soviet army was the prime buyer. The visual effects of TV on popular thinking were dramatic. As Shane notes, "Television was not renewing socialism, it was torching socialism; it was not criticizing the system, it was blowing it up" (pp. 176–77).

Gorbachev half-heartedly tried to recontrol television, but the tide was against him: the most popular TV personalities had already left the Communist party and most people were in no mood to have their newly won freedom restrained. Even though programs like Vzglyad were banned from state-controlled TV, the central government was unable to enforce the ban in the information age—cable TV and video recorders enabled people to keep their favorite shows on the air. Moreover, nearly 75 million people could still tune in to the reformist station in Leningrad, which was kept open by Mayor Anatoly Sobchak. The die was cast when Yeltsin succeeded in getting permission for an independent Russian TV network in early May 1991. The news could now be broadcast in Moscow without central government intervention.

While the press was restoring Soviet history and television was reviving politics, the publishing industry was creating an explosion in pop culture and normalizing everyday life. In 1987 most Western books were either banned or unavailable in the USSR, but by 1991 there were no restraints and everything was available. "This explosion of the printed word was a revolution," notes Shane, "and it was a reflection of the revolution that

was taking place in people's minds" (p. 184).

In Chapter 8, Shane discusses the erosion of "Leninist faith" that took place after 1987. The "death of the Soviet illusion," writes Shane, was "not by tanks and bombs but by facts and opinions, by the release of information bottled up for decades" (p. 215). The coal miners' strike in March 1991 illustrates the psychological change that was occurring as glasnost began to thaw Communist party loyalty. At first the miners thought that life could get better under communism and only demanded reform, but by 1991 they knew the entire system had to be changed. As one mining leader told Shane,

We have to break the old system, the idiocy that's driven us to destitution for seventy-three years. Over the last two years we've

understood that economic reform is impossible without a change in the institutions of power: the Communist party, the KGB, the military-industrial complex, these imperialist-monopolist ministries [pp. 229–30].

That leader, Anatoly Malykhin, also recognized that as long as mines were owned by the state—"belonging to no one"—nothing would improve.

Without glasnost, Malykhin and many others like him would have remained uninformed and ineffective. But with the increased information available in newspapers and on television, the new economic dissidents became a powerful force for dismantling the Soviet empire.

In June 1991, Boris Yeltsin, who had left the Communist party, became the first democratically elected head of Russia. In August, hard-liners staged a coup to oust President Gorbachev and to prevent the dissolution of the USSR. When Yeltsin showed his defiance of the junta by mounting a tank, his heroic action was captured by CNN and broadcast to thousands of Moscovites who rallied to his cause. The Communist party was no longer capable of enforcing an information blockade. As Shane observes in Chapter 9,

Inside Soviet borders the new information was reproduced, multiplied, amplified, and disseminated by the technology that had flooded the country. Fax machines and photocopiers, video recorders and personal computers outside the government were no longer exotica but a sprawling, living nervous system that linked the Russian political opposition, the republican independence movements, and the burgeoning private sector. Tied informally together, this equipment constituted a network of considerable scale [p. 262].

The unintended consequence of glasnost was to paralyze the KGB and transform the USSR into a "coup-proof society." In his Epilogue, Shane writes, "In the global information economy, hostile relations with other countries and totalitarian control at home will be penalized severely" (p. 289). That message should worry China's aging communists and dictators everywhere. The challenge in the 21st century will be not only to dismantle the last vestiges of totalitarianism but to build a free and civil society. Information helped destroy the Soviet empire, but, as Shane points out, the process of creating new institutions based on the rule of law is far from completed.

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Reference

Tsypko, A. (1991) "Revitalization of Socialism or Restoration of Capitalism?" Cato Journal 11 (2): 285–92.