Reagan & the Fall of the USSR

Poland’s Lech Walesa (chair of the Polish Solidarity union, and President of Poland from 1990 to 1995) said “I wonder whether today’s Poland, Europe and world could look the same without President Reagan. As a participant in those events, I must say that it’s inconceivable.” The administration of President Reagan (1981-1989) was involved in several factors in the dissolution of the Soviet Union in 1991. Reagan’s greatly increased military budgets and support of anticommunist groups around the world are well known. But his Administration also enlisted the support of many others around the world, and worked to weaken the Soviet economy.

Part One: Soviet Economic Weakness—a Matter of Grain & Oil

Reagan was aware of the weakness of the Soviet economy, and essentially waged economic war against it. His diary entry for 26 March 1981, shortly after his inauguration, reads “Briefing on Soviet economy. They are in very bad shape, and if we can cut off their credit they’ll have to yell ‘uncle’ or starve.”

Yegor Gaidar, acting Prime Minster of Russia in the 1990s, wrote “The story of the collapse of the Soviet Union could be told as a story about grain and oil….The result of the disastrous agriculture policy implemented between the late 1920s and the early 1950s [Stalin’s Five Year Plans, whereby farmland was seized by the government] was the sharpest fall of productivity experienced by a major country in the twentieth century….The picture was bleak. Russia, which before World War I was the biggest grain exporter--significantly larger than the United States and Canada--started to be the biggest world importer of grain, more so than Japan and China combined....The Soviet economy thus hinged on its ability to produce and export raw commodities—namely, oil and gas...."

In the 1970s, OPEC rallied to quadruple the price of oil. This price increase allowed the Soviets to have more money left over after their imported wheat was paid for. But the Reagan Administration in the 1980s worked to reverse this process, and drive oil prices lower. From the early 1980s, CIA Director William Casey was telling the Saudis that they could hurt the Soviets by increasing their crude oil exports (Saudi Arabia is the leading oil exporter in OPEC), which would lower oil prices, and deprive the Soviets of money earned by selling oil on global markets.

The Saudis were open to this because in the 1980s, they were feeling very threatened by the USSR. First, the Russians invaded Afghanistan (another Muslim nation, and near the Middle East) in late 1979. The Saudis saw this as the opening round of a Russian move to control the Middle East. Also in 1979, the Shah of Iran was deposed. The Saudi royal family saw itself as another monarchy in the Middle East that religious radicals might want to topple. Second, there were several thousand Soviet military advisers in Middle Eastern countries (North & South Yemen, Syria, and Iraq) around Saudi Arabia.

1 Two sources used for this are Yegor Gaidar’s article The Soviet Collapse on the site AEI.org, and Peter Schweizer’s book Victory: the Reagan Administration’s Secret Strategy that Hastened the Collapse of the Soviet Union, 1994.
To induce the cooperation of the Saudis, the Reagan Administration supported them in several concrete ways. First, Reagan in the fall of 1981, publicly stated “Saudi Arabia, we will not permit to be an Iran” (in other words, his administration would not abandon the Saudi royal family like Carter had done with the Shah of Iran). Second, Reagan pushed the sale of high level surveillance craft, AWACS, over Congressional opposition. And when Congress was unwilling to approve the sale of Stinger surface to air missiles, Reagan used emergency presidential powers to deliver 400 of them to the Saudis. Finally, the US developed a high tech radar & communications network known as Peace Shield for the Saudis.

Reassured of US support, in 1985, the Saudis began increasing output of crude oil, and by the end of the year, Saudi production had gone from just under 2 million barrels a day, to over 9 million. Oil prices fell from $34 a barrel to $12 a barrel. The increased Saudi output more than made up for the fall in prices. But the Soviets were hurt by this price drop—they were in no position to increase their production of crude oil. To make matters worse for the Soviets, weapons sales (their second biggest export category, after oil & gas) fell by $2 billion in 1986, as the decline in oil prices deprived a lot of their customers of money with which to purchase Soviet arms.

**Part Two: Native Revolts in Poland and Afghanistan**

*Solidarity* was a movement that started in Poland as a dissident labor union in 1980. By 1981, they represented 10 million workers, most of Poland’s workforce. That year, an organization named Rural Solidarity was formed for agricultural workers as well. In December 1981, a government crackdown jailed 5000 of their leaders, and by February 1982, some 40,000 were behind bars. Poland was a very important member of the Warsaw Pact alliance (the Soviet counter to NATO), as it had the largest economy, and the largest military, of the eastern European allies of the USSR. The Soviets could ill afford to see the Polish Communist Party lose control of the government of that country.

The Reagan Administration imposed sanctions as a result of this crackdown (mainly denying them access to loans for American products, and imposing tariffs on their exports to America). Polish exports to the United States dropped from $450 million in 1980 to $250 million in 1985.

These sanctions, as well as large loans that Poland had to repay, forced the Soviets to provide $3-4 billion a year in aid to Poland that the Soviets could ill afford. The Reagan Administration found ways to send millions of dollars (at its peak, US aid was $8 million a year) of money, as well as aid in the form of portable broadcasting equipment to the movement, which it used to communicate with the nation via radio when it went underground.

The Soviets invaded Afghanistan in late 1979. Reagan provided the Afghani resistance weapons which helped them resist the Soviet forces. And in 1985, the Reagan Administration decided to increase the heat on the Soviets by supplying the Afghan resistance with Stinger SAMs. Not only did this cost the Soviets much money to replace (some 270 Soviet aircraft were destroyed by Stinger missiles), but it forced Soviet pilots to fly very high and very fast (to avoid the missiles), which in turn made their bombing runs less accurate than they were before. Pakistan aided this
resistance by allowing rebels to launch retaliatory raids from bases in Pakistan, into the territory of the USSR. This turn of events was dramatic. By late 1986, the Soviets leadership decided to pull out of Afghanistan, and did so shortly afterwards.

**Part Three: Reagan Military Buildup**

The Reagan administration implemented a massive arms buildup, doubling the US defense budget by 1985 (from military spending levels under Carter, the previous president). The US was aware that the Soviets were spending over 20% of their GDP on their military; the US was spending about 6% of the US GDP on the military. This meant that the Russian economy was already overextended trying to meet all the military requirements, and could not be stretched to accommodate any further Soviet military needs.

Our military was given Hellfire anti-tank missiles that neutralized the large Russian advantage in tanks (Warsaw Pact forces had 60,000 main battle tanks; NATO had only 23,000). Reagan also deployed cruise missiles into western European countries, as a counter to the intermediate range SS-20s that the Soviets had recently deployed (the SS-20s could strike targets anywhere in western Europe in less than 10 minutes). In addition to the military aid given to the Afghan rebels, Reagan saw to it that US aid ended up in the hands of the Contras, Nicaraguans who were fighting a civil war against the Soviet-allied Sandinistas that recently came to power there. Military aid was provided to UNITA, a group in Angola fighting the Marxist government there, which was enjoying the protection of Cuban troops.

Reagan in 1983 proposed the development of the Strategic Defense Initiative (SDI) otherwise known as Star Wars, a space based system that would shoot down hostile nuclear weapons before they hit their targets. As Reagan asked in the March 1983 speech introducing the proposal to our nation, “Wouldn’t it be better to save lives than to avenge them?” One Department of Defense report stated that the Soviet Union was ten years behind the US in computer electronics; the Soviets saw SDI as yet another major drain on their money and resources—one that they could ill afford. Soviet leaders often asked American diplomats to discontinue the Start Wars program when they would meet for arms control talks.

And all these efforts bore fruit. The USSR itself dissolved in 1991 with the signing of the Belovezha Accords. The last Soviet combat troops left Afghanistan in 1989. By 1991, the Cubans withdrew from Angola, and the Marxist regime that they propped up was forced to agree to elections. And the Sandinistas in Nicaragua were forced to agree to elections as the price of peace in 1990, in which they were soundly defeated at the polls, 55% to 41%. Eventually the Polish communist government caved in, and freed the dissidents in 1986; Solidarity quickly formed a political party, and in 1989 ran in elections and took over the Polish government.