



Three Decades Since the Collapse of the Soviet Union (1991–2021)

First attempt of Cold War globalization: How the Soviet Union Was Preparing Itself for the End of Communism

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Thirty years ago, on Catholic Christmas Day, 25 December 1991, the Soviet Union, the world's first country of socialism under the rule of the Communist Party, ceased to exist. On that day, the Supreme Soviet confirmed the name of the state – Russian Federation. Shortly before 7 p.m., Soviet President Mikhail Gorbachev signed the Decree on the Revocation of His Powers as Commander-in-Chief of the Armed Forces of the USSR and the Abolition of the Defence Council Under the President of the USSR. At 7 p.m. Moscow time, Gorbachev spoke live on Central Television and announced his decision to cease his activities as President of the Soviet Union. "I have firmly stood for independence, self-rule of nations, for the sovereignty of the republics, but at the same time for preservation of the union state, the unity of the country. Events went a different way", Gorbachev said, thus confirming the definite collapse of the Soviet empire, which already ceased to exist legally a

few weeks earlier, on 8 December, under the Belovezh Accords signed by Russia, Ukraine and Belarus.

As soon as Gorbachev's address was over, at 7.38 p.m., the Soviet red flag was removed from the top of the Kremlin and the Russian tricolour flag was raised. Gorbachev went to a restaurant for dinner with several friends. This is how the history of the state, which determined the fate of the 20th century, ended with a great political earthquake, the effects of which are still felt, without the prospect of ending soon. Russian President Vladimir Putin recently said that the collapse of the Soviet Union was the greatest geopolitical catastrophe of the 20th century.

Discussions about the place, role and meaning of the Soviet proletarian state in world history as well as the causes of its collapse continue without any prospect of ending soon. The triumphalist current emphasizes that the West and democracy won the Cold War and that the defeat of the Soviet Union was inevitable due to the weaknesses and deficiencies of the communist system. On the other hand, realists, who closely monitored the Soviet behaviour during the last decades of the existence of the state, point out that the Soviets were very well prepared for the reform of their system and adoption of the practices of Western societies, and that they simply withdrew from the Cold War, just as their army from Eastern Europe.

However, the Soviet and Russian elites were not totally unprepared for such an apocalyptic end of the Soviet Union. The Soviet Communist Party explored the ways to modernize system in cooperation the the West using achievements of capitalism what was

usfull in time of perestroyka and trasition to capitalism state system in Russia itself. This is how the whole generation of young reformers “in red stocks“, as they were called due to their “red, that is, Komsomol or communist past“, emerged. They were accompanied by newly rich Russians, called tycoons or oligarchs, who provided practical support to Russian capitalism and private ownership and were their driving force. It was curiosity that an impressive number of those “tycoons“ had doctorates in mathematics, econometrics and cybernetics, which was in stark contrast to the model of “heroes“ of the transition of East European societies.

No matter how it may seem that it was a chaotic process in which everyone grabbed whatever was at hand and that these people emerged spontaneously from that turmoil, it can now be said that this is only partly true and not when it is a question of the dominant trends and structures.

Evolutions in the Soviet system which are similar to invisible preparations for the abandonment of one and the adoption of another one system started from the ideology by affirming and accepting sociological “systems convergence“ theories and systemic theories according to which the Soviet Union and the United States are developed “industrial societies“ with common and indivisible global problems. This replaced the earlier merciless confrontation of communism and anticommunism. It was new trend in Cold War policy both superpowers.

In the preparation of the new Russian elite that emerged in the East-West dialogue as well as the entire path that will take the Soviet

Union to its surprising end, collapse and disintegration, a great role was played by the newly formed Club of Rome and its founder Aurelio Peccei, the Italian car manufacturer Fiat, American Pepsi Cola Company as well as the “golden showcase of the Western world” – Vienna, where the International Institute for Applied Systems Analysis, Vienna International Council, Vienna’s Cardinal Koenig and Austrian Chancellor Bruno Kreisky were located.

Russian historians now say that two Soviet leaders, Yuri Andropov and Alexei Kosygin, worked on the preparation of the future reformers. Andropov (1914–1984) was one of the most powerful people in the postwar Soviet Union. He was the Secretary of the CPSU Central Committee in charge of international affairs (1962–1967), head of the Soviet secret services, that is, Chairman of the State Security Committee (1967–1982) and finally the General Secretary of the CPSU Central Committee (1982–1984). In some cycles, he is considered as person who originated many aspects of the perestroika policy that was conducted by Gorbachev.

Alexei Kosygin (1904–1980) was the Chairman of the USSR Council of Ministers or, in other words, the effective head of the Soviet government for two decades (1960–1980). He repeatedly tried to implement economic reforms in order to shift the focus from heavy industry and military production to light industry and consumer goods production, but his ideas were not supported by Soviet leader Leonid Brezhnev.

They were old acquaintances, but did not agree on many issues: during the war, Kosygin worked in besieged Leningrad, while

Andropov was in Petrozavodsk. The future head of the KGB miraculously escaped the “Leningrad Affair“ in which Stalin eliminated almost the entire leadership of the Russian Communist Party. They had one more mutual acquaintance – General Mikhail Gvishiani, who saved them from perishing in the “Leningrad Affair“. On Kosygin’s side, the project was supervised by his son-in-law, Mikhail Gvishiani’s son, Dzhermen Gvishiani, and, on Andropov’s side, by Academician Boris Milner, Doctor of Economic Science and the leading Russian specialist in organization and management theory.

Dzhermen’s father, Mikhail, started working in the Georgian security service, headed by Lavrentiy Beria, in the 1920s. When Beria became head of the KGB in 1938, he took Gvishiani along with him and appointed him head of several regional KGB departments. In 1945, he became a lieutenant general. Gvishiani lost his rank and position after Beria’s downfall and in the purges of his closest associates. His son Dzhermen did not follow in his father’s footsteps. He worked in the State Committee for Science and Technology. In 1965, he was appointed its Deputy Chairman and was considered an expert on management and social organization.

In Russian publicist writings this process is called “The Andropov Plan“ and refers to the USSR reform project, which anticipated the reforms of the socialist system, modernization and market reforms under conditions of severe dictatorship, as well as the creation of a powerful competitive state.

The USSR, as well as the United States in many respects, were essentially two large international projects. They both argued different models of "fairness". Soviet communists in the 70s, in their opinion, concluded the USSR won ideological and systems battle and they decided that the "end of history" had come. But not as Fukuyama later wrote. Socialism has proven to them that its system is better than the American (Western) free enterprise model. By proving this, they gave the West the right to prove its model in mutual cooperation.

The key role was played by the International Institute for Applied Systems Analysis (IIASA) (in Russian: Международный институт прикладного системного анализа). During the 1980s, in order to carry out the reform plan, young experts were sent to this institute which, along with the associates of the Soviet branch of the Institute – Всесоюзный научно-исследовательский институт системных исследований – ВНИИСИ (Institute of Systems Research), played an important role in the implementation of reforms in Russia.

The Institute was established in 1972 as a result of the diplomatic initiative launched by top American and Soviet officials. American President Lyndon B. Johnson proposed the establishment of the East-West Research Centre and Soviet Prime Minister Alexei Kosygin accepted his proposal.

However, the story about this institute began six years before its official establishment. In its official history it is stated that it had the nucleus in the unusual speech of American President Lyndon B.

Johnson who suggested, amidst the Cold War, that American and Soviet scientists should work together on non-military issues such as cosmic issues or the issues of concern to all advanced societies – energy, oceans, environment, nutrition, health. He called for the interlinking of scientists from the East and the West.

Johnson commissioned Kennedy's National Security Advisor McGeorge Bundy, then President of the Ford Foundation, to address the issue. On 16 December 1966, Bundy held a press conference in New York where he announced that the President had authorized him to work on the establishment of an international centre for the study of the problems faced by advanced countries. In his speech Bundy emphasized that such problems precipitated the need for an efficient management of large sectors: large companies, cities, underground and air communication systems, hospitals and farms. There is no nation, he continued, which has or could possibly have a monopoly on such management methods. The anticipated centre would therefore bring together "engineers, economists, managers, experts in industrial production and others" and evolve into an educational organization.

The press reacted immediately, calling the proposed research institute "East-West RAND" and "East-West think tank centre". The parallels with the RAND Corporation of Santa Monica were not accidental: in the 1960s, both the American government and scientists sought new organizational forms that would provide the President and the administration with professional knowledge and expertise. RAND was established as an expert and consultative US

Air Force body, but soon covered the entire security area, including specifically nuclear weapons.

The formation of the institute was formally proposed to the Soviet Union at the Glassboro Summit in 1967 where the USSR was represented by the Chairman of the USSR Council of Ministers, Alexei Kosygin. US President Lyndon B. Johnson relied heavily on science as an instrument of diplomacy, where geophysical sciences played a particularly important role. Similarly, the US's focus on a systemic approach was symbolic: the East-West Institute was a clear initiative for the Soviets to engage in closer cooperation in the field of political science.

The Glassboro Summit was an important event in Cold War history, Namely, during this meeting, the idea that the mutual weaknesses and vulnerabilities of the rivals could bring stability was presented for the first time. Johnson and McNamara tried to persuade the Soviets to reduce their ballistic missile arsenal and Johnson also formally proposed the establishment of the East-West Institute. Kosygin accepted the idea. After returning from his first trip to the United States, Kosygin expressed enthusiasm for the proposed establishment of the East-West Institute. He was accompanied by his only daughter, Ludmila, who was married to Dzhermen Gvishiani, Deputy Chairman of the State Committee for Scientific and Technological Cooperation.

One more interesting fact: the daughter of NKVD General Mikhail Gvishiani and the sister of Dzhermen Gvishiani, Laura Vasilevna Haradze, was the first wife of Yevgeny Primakov, who

married her in Tbilisi in 1951. Primakov was later the Chairman of the KGB and Russian Prime Minister.

In his memoir, Gvishiani writes that he first heard about the East-West Institute from Kosygin after the Glassboro Summit. Kosygin promised his son-in-law that he would use his personal contact with President Johnson if necessary, and assured him that he “will not allow this thing to get buried“ by the Soviet bureaucracy. According to the official procedure, the proposal was submitted to the Politburo. As Gvishiani recalls, the decision on his appointment as the Soviet negotiator was made “unusually quickly“.

The actual negotiations on the East-West Institute were conducted out of the public eye, while behind-the-scenes activities were intensive. Bundy wrote to Kissinger saying that the “Russians recognize and even applaud the bridge-building value, but they now seek to go ahead in ways which will avoid giving the venture a political tone or a high level of publicity. Having taken what is almost certainly a governmental decision, they wish to proceed in what they chose to call a ‘nongovernmental’ way.“ Thus, Bundy asked Washington to proceed in a “quiet way“, while at the same time acknowledging its political significance: “Even a quiet ‘nongovernmental’ venture has political complexities, and these should be handled so that both the White House and the Department of State are protected from embarrassment“.

Another significant event that heightened Soviet interest in the East-West Institute was a series of decisions made by the Soviet government in 1969 with regard to the future development of the

computer industry and when it decided to abandon the development of its own computer system and clone the IBM system. Accordingly, the Soviets actively sought to get any innovative computer technology from the West.

In this way the unusual name of the International Institute for Applied Systems Analysis was a technocratic cryptogram, which contained the key words that helped put the Institute high on the Soviet international cooperation agenda. To the Soviets, the category of “systems analysis“ referred not only to an intellectual approach, but also served as an abbreviation for computer technologies. Gvishiani is quite sincere when he describes the hopes that the Institute will help Soviet scientists “gain access to the most advanced methods of work and the computer technology that was banned for export to the Soviet Union by the Congress.”

In order to have a partner for cooperation on the Soviet side, the Institute of Automation and Telemechanics of the USSR Academy of Sciences was renamed in 1969 into the Institute for the Problems of the Management (IPU), headed by Academic V.A. Trapeznikov. Thanks to him, the atmosphere in the institute was much more democratic, less conservative, than in other similar places.

Peter Aven, whose father Oleg worked at the IPU, says that half of the institutes were engaged in closed topics. "The Soviet government has always given physicists, mathematicians who deal with bombs and missiles, a little more freedom. We had to pay something. We paid, among other things, private freedom - banned

books, Okudzhava concerts at the institute. And that's where the atmosphere comes from," says Aven.

The head of the laboratory at the Institute was Eduard Trahtengerc. He was the author of papers such as "Computer Support in Negotiation" and "Computer Support in Decision Making". Before the institute in Vienna was formally established, and later its branch in Moscow, this institute was a center where young Soviet scientists were educated for future cooperation with the West.

Another path-breaking initiative that coincided with the establishment of the Institute included the activities revolving around the Club of Rome, which was founded in 1968 as an informal gathering of the world's leading industrialists and politicians, and was initiated by Italian businessman Aurelio Peccei. Peccei began to organize the future Club of Rome at about the same time when the idea of the East-West Institute appeared on Johnson's agenda. This coincidence prompted some contemporaries to think that the IIASA was also Peccei's idea.

Yuri Andropov, who was first the head of the International Department of the CPSU Central Committee, which was a kind of duplicate of the Comintern, and then the head of the KGB, always showed special interest in professional knowledge and expertise. This included hyperpolitics and elite associations appearing in the West at that time. The Club of Rome was established in the late 1960s when Andropov joined the KGB. It had influence on the development of Western geopolitics by bringing together not only the best international analysts, but also the most influential politicians.

The Soviets held that the Club of Rome had the closest ties with the informal centres of global governance and administration, as well as informal groups such as the Bilderberg Group, Trilateral Commission, Royal Institute for International Relations and Council for Foreign Relations. The Club closely cooperated with leading research centres and “thinking factories“ such as Stanford University, the Hoover Institution and Royal Institute of International Affairs – Chatham House. The members of the Club of Rome were the people who had a real influence on the development of the world: the biggest and most influential financiers, businessmen and political and intelligence leaders.

The Club of Rome became one of the instruments of the scientific governance of history and transition of the development of humanity and human society to a new trajectory, characterized by the acceleration of scientific and technological progress. The quintessence of the new direction of human development was given by the founder of the Club of Rome, Aurelio Peccei. In his book “The Human Quality“ he wrote: “Man invented the story of the Bad Dragon, but if ever there was a Bad Dragon, it is man himself... We must never tire of repeating how foolish it is to equate the present profound and pathological state and maladjustment of the entire human system to any cyclic crisis or passing circumstances. Since man has opened Pandora’s Box of new technologies, he has suffered uncontrolled human proliferation, the mania for growth, energy crises, actual or potential resource scarcities, degradation of environment, nuclear folly and a host of related afflictions“.

At the essence of the activities of the Club of Rome there were systems theory and the theory of convergence. The Soviets quickly assessed the Club of Rome as their potential partner in negotiations about the future world. Unlike other directions of Western thought, the works of the Club of Rome were immediately published in the Soviet Union, not only in the closed circles, but also in the most popular newspapers and journals, such as “Literaturnaya gazeta“, which had a fantastic circulation at that time.

In the Soviet Union, special conferences and symposiums dedicated to the works of the Club of Rome were also held. Moreover, under conditions of the Cold War and ideological differences, Soviet scientists decided to maintain close contacts with the Club of Rome and get involved in its work.

Peccei initially represented the other current aiming for the same goal. It was linked to the channel that reached the Soviet Union via the Italian car maker Fiat. This was not Peccei’s first encounter with the Soviet Union. On the contrary. Being interested in the experience of the Great October Revolution, he learned to speak Russian fluently and visited the Soviet Union. As early as 1930, the topic of his graduation thesis at the Faculty of Economics was Lenin’s New Economic Policy.

Just before his graduation, thanks to his knowledge of the Russian language, he got a permanent job at Fiat, which already had significant business relations with the Soviet Union. The Italian industry cooperated with the Soviet Union from 1929 to 1935, that

is, in the first stage of Stalin's forced industrialization, especially in the founding of ball bearing and frame factories in the Moscow region.

The most important pillar of Soviet-Western cooperation in the years immediately following the Second World War was a strange Italian, Piero Savoretti. After the war, the 24-year old Savoretti was the acting head of the Piedmont branch of the National Liberation Committee when one of Fiat's top managers, Vittorio Valletta, appealed to this Committee to support the shareholders' demands for the restitution of the company nationalized during the war.

Another hero of the Moscow adventure – Aurelio Peccei – had the same assignment. While the war was still going on, the National Liberation Committee appointed Aurelio Peccei as one of the Fiat trustees, so that Savoretti and Peccei met for the first time during Fiat's post-war reconstruction. Fiat soon became a joint-stock company again and Valletta its President.

In 1954, Savoretti decided to visit the Soviet Union with a group of members of the Italy-USSR Society. He visited many Soviet cities, saw the roads with almost no cars and unlimited economic and human potentials. From next year onwards, Savoretti was the only qualified economic contact whom Italian industrialists could consult. Over the decades, he visited the Soviet Union 1,200 times, married a Russian woman from a nomenclature family and represented an obligatory information centre whom European and Western companies could consult while doing business in the Soviet Union. He persuaded the Soviet leadership to build a car factory together with Fiat. When Brezhnev came to power, Savoretti knew about his

passion for cars, so he secretly brought three Fiat-124s on a special flight from Italy to Moscow. He then organized a private “government” presentation of three Fiat-124s in different colours in one of the Kremlin courtyards. Passionate car-entusiast Brezhnev could not resist, but sat behind the wheel of the small car and tested its driving performances at one of the Kremlin squares to the horror of the guards and delight of his comrades. The Soviet “Zhiguli“, which became known as the “Lada“ outside the Soviet Union, was based on this model.

It was not until 15 August 1966 that the final full stop was put on the “agreement of the century“ in Moscow, which marked the beginning of the realization of the largest project in the second half of the last century. The factory, called later AutoVAZ (Volzhsky avtomobilny zavod), was put into operation in September 1970. VAZ was the world’s largest car factory that produced 1,200,000 cars a year.

In 1964, Peccei was asked to become President of Olivetti. However, he did not satisfy himself only with the responsibilities and duties of the President of Olivetti, but also channelled his energy into other organizations, including ADELA, an international consortium of bankers aimed to support industrialization in Latin America. Its founders were two progressive American senators, Jacob Javits and Hubert Humphrey. When he was asked to deliver the main speech in Spanish at the first meeting of this group in 1965, there began a series of coincidences resulting in the creation of the Club of Rome.

Peccei's speech attracted the attention of the then US Secretary of State, Dean Rusk, who had it translated into English and shared it at various meetings in Washington. The Soviet representative at the annual meeting of the United Nations Advisory Committee on Science and Technology (ACAST), Dzhermen Gvishiani, read the speech and was so excited that he decided to invite the author to come to Russia for a private conversation.

Washington also invited Peccei, so that in late 1966 he delivered lectures on what he called "Demands of the 1970s for the Modern World" in which he addressed the problems that were not yet so obvious at that time: global interdependence, danger from the forthcoming aggravation of global macro-problems and the inadmissibility of replacing such problems with the immediate needs that are not correlated with a holistic and comprehensive picture of the ongoing changes. Peccei now strengthened his position in the White House, because Hubert Humphrey became US Vice-President.

Peccei's approach, which departed greatly from the then atmosphere, included advocacy for the inclusion of communist countries in solving these systemic problems as well. That sounds like „first Cold War globalization“ which included communists, non – communists and ant communists countries. It was something that immediately rang in Gvishiani's ears like an invitation for a date that cannot be rejected. Peccei was even more convinced of the correctness of this idea after his visit to the Soviet Union in 1967 and stay at the Siberian scientific centre – Akademskgorod – where young

scientists – most of them not older than thirty – were planning the development of the Soviet Union and Siberia.

At the same time, the action for the establishment of an institute was also going on. The plan of the institute was prepared by RAND experts. On many occasions this institute was described as an “international RAND“. It is interesting to note that the Soviets were not disturbed by the fact that RAND was one of the key US military research centres. Instead, the Soviets understood that the RAND model represented a huge advantage. Many sources reveal that RAND inspired Soviet scientists and policy makers, as is evidenced by Audrey Wolfe’s observation about the fairly uniform values supported by American and Soviet military-industrial complexes. Following RAND’s example, the East-West Institute allowed the possibility of industry-oriented research. At the same time, it was emphasized that any research involving direct military applications would not be allowed.

In return, the physical location of the institute also had to reinforce the image of political neutrality. The RAND report recommended locating the institute in a country which belonged neither to the NATO nor the Warsaw Pact, which was not only “industrialized“ in order to ensure adequate standards, but was also “attractive“, that is, centrally located, politically stable and open to scientists from all regimes.

In his memo to Henry Kissinger about his meeting with Gvishiani, Bundy described the future IIASA as an “institute of advanced methodological studies“, which was concerned with

“relatively abstract systems analysis of the sort that our theoretical types in our business schools do“. Consultations were arranged with leading American organization scholars, who were described as the “finest minds available“. Suffice it to say that the first director of this institute, Howard Reiffa, founded the famous John F. Kennedy School of Government at the invitation of Harvard University. It was important to the Soviets that the institute should focus its work on computers and mathematical modelling.

However, there was a lot of overlapping activities between the East-West Institute and the Club of Rome: Gvishiani and Alexander King from the OECD were members of the Club of Rome, while Peccei played the role of mediator in the negotiations about the IIASA. He organized an informal meeting between the two main negotiators: Bundy and Gvishiani. Their meeting, held in Vienna in December 1968, achieved positive results. At that time, the three of them presented the IIASA project and principles of its organization and functioning, and sent the document to other participants for consideration.

The next meeting took place in Moscow in June 1969. Not much was achieved until Gvishiani and Bundy went for a walk in the woods, where they agreed on three very important issues. Gvishiani proposed English as the official language of the institute, insisted that its director should be an American and the President of the Council from the Soviet Union, and that the institute should be located in Great Britain because of Sir Sally Zuckerman, Chief Scientific Advisor to the British Government.

At the same time, Peccei also expanded his project. He persuaded the Agnelli Foundation to finance the two-day meeting of about 30 European economists and scholars at the Accademia dei Lincei in Rome on 7-8 April 1968. The idea of the meeting was to discuss his and King's ideas about the global nature of the problems faced by humanity and the need to act at a global level. The meeting at the Accademia dei Lincei was not successful, partly due to the difficulty of its participants to focus on the distant future.

After the meeting, a small informal gathering was organized in Peccei's house, including, inter alia, Erich Jantsch (one of the great planning research methodologists), Alexander King, Hugo Thiemann, Lauro Gomes-Filho, Jean Saint-Geours and Max Konstam. According to King, within one hour they decided to call themselves the Club of Rome and advanced three core ideas that still define the Club today: a global and long-term perspective and the concept of "problematique", a cluster of intertwined global problems. Although the meeting in Rome was convened bearing in mind Western Europe, the group realized that it was dealing with the problems of much greater scope and complexity or, in short, the "problems of humanity". There was also room for socialist countries and the Soviet Union.

Recalling his conversation with Peccei, Gvishiani wrote: "He was trying to convince me of the need for the Soviet Union's participation in the work of the Club of Rome. In full agreement with him, I pondered anxiously how difficult it would be to make a formal decision on this issue. We first agreed on this without a making

formal decision, because it was a club and not an official organization. Therefore I will actively cooperate within the limits of my abilities and competence“.

Thus began something Peccei called “the adventure of the spirit“. He liked to say: “If the Club of Rome has any merit, it is that of having been the first to rebel against the suicidal ignorance of the human condition“.

In October 1972, London hosted an international conference that was attended by representatives of 15 countries. At this conference the International Institute for Applied Systems Analysis (IIASA) was established and its Charter was signed. The Institute was in the closest relationship with the Club of Rome. The IIASA became the meeting place of scientists from different countries and secured the function of interlinking the scientific world by elaborating important studies in various fields, including climatic change, energy and agriculture.

Thus, in 1972, under the Dennis Meadows’ supervision, a team of 17 researchers in different disciplines from several countries made the first report of the Club of Rome, “Limits to Growth“. Since then, millions of copies of this book, translated into 40 languages, have been sold. To this day it remains the most famous, most sought-after and most influential report ever published by a group of experts.

Thanks to it, the Club of Rome realized a great influence on the generations of scientists concerned with global environmental and developmental issues and doctrines. The Club had a direct influence on the formation and evolution of the World Economic Forum in

Davos, which is now considered as the most prominent meeting place of the global elite dealing with general issues of the world and humanity. The official history of the World Economic Forum leaves an impression that the author of its original concept was Klaus Schwab. However, Schwab owes much of his idea to Peceei and the Club of Rome.

The Club of Rome also had a far-reaching influence on up-and-coming Soviet politicians at the middle party nomenclature levels during the 1970s and 1980s. According to his closest associates, one of them was Mikhail Gorbachev. He read the works of the Club of Rome thanks to his exceptional closeness with Yuri Andropov, while he was still the party leader in Stavropol.

The Club was allowed and known in Soviet scientific and popular magazines. Reading the materials of the Club of Rome, Gorbachev realized that the world was undergoing fundamental change and that the existing communist system was not prepared to face such a radical change. The messages of the Club of Rome were a strong warning to him that the Soviet system was in great danger and that it needed substantial reform.

Since the Institute was located in Vienna, contacts were soon established with Bruno Kreisky with whom the first meeting was held in 1970, just a few weeks after he took over the position of Chancellor from Josef Klaus. Thereafter numerous meetings followed and Kreisky became one of the important actors in the project of rapprochement between the West and the Soviet Union.

One of the most significant initiatives was the formation of the International Council for New Initiatives in East-West Cooperation or, in short, the Vienna International Council (Международный совет по новым инициативам в сотрудничестве между Востоком и Западом). It brought together prominent businessmen and public figures, representatives of industrial and financial circles from Eastern and Western countries, who maintained business contacts and carried out plans with the Soviet Union and the Eastern bloc. A significant number of them were the members of the Club of Rome and the IIASA. Its seat was in the Hofburg Palace. From this circle there emerged the idea about convening the Conference of Security and Cooperation in Europe (CSCE, now OSCE). By the end of 1975 it became the most comprehensive form of overcoming the bloc divisions in Europe. Its seat has remained in the Hofburg Palace to this day.

Optimism gripped the Soviet side to such an extent that, during his first visit to Washington in June 1973, Brezhnev announced the end of the Cold War. When he met with 50 most powerful American businessmen and bankers, which was organized by the then Secretary of the Treasury, George Schultz, Brezhnev announced: "The Cold War is over. And I ask you, gentlemen, as I ask myself. Was that a good period? Did it serve the interests of the peoples? And my answer to that is no, no, no and again no."

The Institute began to increasingly influence the fate of Russia. On 4 June 1976, the Systems Research Institute (Всесоюзный научно-исследовательский институт системных исследований -

ВНИИСи) was founded in Moscow as a branch of the Vienna Institute. Its Director became Gvishiani, who retained this position during the next 17 years. The Institute had about two hundred full-time scientific associates from different countries and many part-time employees.

The Institute formally conducted “complex research into the scientific-technical and socio-economic problems having great socio-economic significance and an interdisciplinary character.” It essentially became a factory for the preparation of future reformers who would carry out necessary reforms for the transition of the Soviet Union to a market economy and capitalism.

As the head of the KGB, Yuri Andropov concluded that the Soviet Union should change, but could not yet imagine the necessary depth and sweep of ideological and state reforms. That is why he set up dozens of study groups, which dealt with all aspects of life in the Soviet Union, from the economy and ideology to the nationality problems for decades.

The former Yeltsin-era Information Minister, Mikhail Poltoranin, claims that Andropov and Kosygin wanted to free Russia from its “ballast” and “cut off” Uzbekistan, Turkmenistan, Kyrgyzstan, Tajikistan, Moldova and Armenia. They wanted to pull Russia out of the Soviet Union and connect it to the West, supply the Western world with what Russia already supplies it – oil, gas and other energy products and raw materials – and enable Russia to live normally. On the basis of the information he received as the Chairman of the Commission for Publishing Secret CPSS

Documents, Poltoranin also claims that they wanted to allow private ownership and buy high technologies in the West.

Another Minister, Alexey Ulykayev, confirms that there was a project on the reform of the Soviet Union, which was personally supervised by Yuri Andropov. He mentioned the Institute for Systems Analyses as one of the sources.

Andropov hoped that this would enable the new Russia to make a technological breakthrough that would open the door to a new world. He also thought that it would be possible to conclude an agreement between the Soviet Union and the Western world. The parties to such an agreement were supposed to recognize several spheres of national interest and the division of the world among them. It would be about a “new Yalta“ or “Potsdam“.

Thus, Russia would take part in the creation of a world that would use the elements of the Soviet experience, but would ultimately be on the same platform for building a modern world like its former Western opponemts.

Andropov was quickly faced with the question where to find economic experts who would lead the new Russia to capitalism? Andropov started with a proven method: if there are no experts in the country and there is no one to educate them, then they need to gain experience abroad. He decided to follow Lenin’s path. Namely, in 1910, he founded a party school for future revolutionaries in the French town of Longjumeau, not far from Paris. The name of this town became popular again thanks to Andrei Voznesenski’s song of the same name. It was decided that the International Institute for

Applied Systems Analysis (IIASA) in Vienna should assume the role of Longjumeau.

Yegor Gaidar, who worked at the Institute in the 1980s, recalled: “The Institute was closely involved in the development of solutions in the field of economic policy strategy and, thus, in the elaboration of the USSR long-term development programmes. The Institute was characterized by an unusual freedom in the consideration of economic problems, which would be hard to imagine at the Faculty of Economics of the Moscow State University. Considering the style of scientific seminars in our country, the professor would be immediately fired.” recalled Yegor Gaidar, who worked at the Institute during the 1980s.

The Institute of the Problems of the Management supported not only the academic but also the business orientation of its associates. „The Institute was a rather unusual academic institution. Along with an environment for deep scientific research, a kind of scientific-entrepreneurial dynamism was very strongly manifested in it. Many people came out of this institute, who then created a successful business. Moreover, I have a theory that such an environment greatly contributed to the emergence of what I would call "entrepreneurship in science," says one of the associates of the Institute, Leonid Bogouslovskiy.

„All inner people understood who is a great scientist, whose career is built by itself, simply because he is an outstanding person, and who makes a career consciously and follows this path as an entrepreneur,“ adds Bogouslovskiy.

At the same time, Andropov supported the Central Committee of the Komsomol in the creation of scientific-technological youth centres, the first innovative reform structures in the Soviet Union, in the early 1980s.

Some of them tried to include certain “technological wonders” in the increasingly lagging Soviet economy. Mikhail Khodorovsky’s well-known “Menatep” originated from the Centre for Scientific and Technological Creativity within the Frunze Regional Committee of the Komsomol. On this basis the first Soviet internet provider was created – “Sovam teleport” (Совам Телепорт).

Already on the first day of the creation of the new Russia, on 26 December 1991, there appeared new persons on the scene. What they had in common was that their education, training and specialization took place at the Institute for International Applied Analysis. The best known among them was Boris Berezovsky, Doctor of Mathematics, member of the Russian Academy of Sciences and, not accidentally, the owner of the largest car factory “Logo VAZ” (former “Fiat”). For the next 15 years, during Yeltsin’s two terms and Putin’s first, Berezovsky was one of the key actors in Russia’s economic and political life.

Boris Berezovsky publicly admitted that he was introduced to Vladimir Putin by their colleague from the Institute, Pyotr Aven in 1991. Earlier, Aven met with Alexei Chubais and the future Russian Prime Minister Yegor Gaidar, who is still called the father of economic reforms. Aven, Chubais and Gaidar held the first open conference on economic reforms in the Soviet Union near Leningrad as early as

1986. Prior to that, they also visited Yugoslavia to study its reform experiences. They were led by Gaidar, who lived in Belgrade for almost a decade, since his father was a longtime TASS correspondent in Belgrade.

Apart from him, the associates and students of the Institute also appeared: Yegor Gaidar, who was the Prime Minister and Minister of Finance of the Russian Federation, Pyotr Aven, who worked with Gaidar from 1981 to 1988 and became the Minister for International Economic Relations, Georgy Adelson-Velsky, programmer and one of the developers of the “Kaissa” chess program, Mikhail Donskoy, programmer and developer of the “Kaissa” chess program, Vladimir Arlazarov, also one of the authors of this program, Dzhermen Gvishiani, Director of the Institute and Deputy Director of the State Committee for Science and Technology, Viktor Danilov Danilyan, Russian Minister of Ecology, Yuliy Dubov, Russian businessman and writer, Nikolai Emelyanov, Doctor of Technical Sciences, Alexander Zhukov, Vice-President of the Russian Government, Mihail Zurabov, Russian Health Minister, Leonid Kantorovich, Nobel Prize Winner in Economics, Vladimir Lopukhin, Russian Minister of Energy, Boris Milner, Deputy Director for Science, Nikolai Svanidze, TV journalist and Stalin’s distant relative, Viktor Fin, Director of the Linguistics Institute, specialist for artificial intelligence and multi-valued logic, Stanislav Shatalin, Advisor to Mikhail Gorbachev and author of the “500 Days” Programme, and many others.

One of the associates of the Institute was the greatest Russian expert in organization theory and governance, Academician Boris

Milner, who was one of the founders of the Menatep Company, headed by Mikhael Khodorkovsky. Milner's son, Yuri, a theoretical physicist by profession, is a co-owner of the most important Russian online projects such as "Mail.Ru", ICQ, "Одноклассники", "ВКонтакте" and others. Yuri Milner met with Mark Zuckerberg in 2009 and became a Facebook shareholder. Today, he owns 8 per cent of this world's most successful social networking site and 5 per cent of Twitter. Milner, who is now an Israeli citizen, was the business partner of President Trump's son-in-law, Jarred Kushner.

Today in Russia, there are contradictory opinions about this cooperation with the West. On the one hand, it is estimated that it was helpful in facilitation the transition from one social system to another. Second opinion is that cooperation exposed Russia too much to the West, which used it to further weaken Russia, during leadership of Gorbachew and Yeltzin.

The International Institute for Applied Systems Analysis (IIASA) still exists and is located at the same place - the refurbished Schloss Laxenburg near Vienna which was made available by the Austrian government shortly after the foundation of IIASA in 1972. This year, it will mark half a century of its existence. At the moment, the IIASA has 23 member countries, nearly 400-strong international staff and a global research network of about 2,500 scientists and more than 600 partner institutions focused mostly on ecological topics.

The Club of Rome still exists, but almost symbolically, and is far from its former glory and influence while the East-West dialogue does not exist any more.

The Role of Cardinal Koenig

When Austrian Cardinal Franz Koenig died at the age of 99 in 2004, two merits were attributed to him and it is not known which of them is greater. However, they are interlinked to each other. In his official obituary it was written that “He is known to have facilitated the nomination of Polish-born Cardinal Karol Wojtyla, who would become Pope John Paul II in 1978“. The second merit was defined by his longtime interlocutor and friend, former Austrian Vice-Chancellor Erhard Busek: “Without Cardinal Koenig, the end of the Cold War would not have been possible.“ He thought not only of Pope John Paul II’s role in ending the bloc confrontation, but also of the Austrian Cardinal’s independent role he played long before Karol Wojtyla was elected as the first non-Italian Pope after many centuries.

Cardinal Koenig was the champion of the Vatican’s *Ostpolitik*, that is, the process of rapprochement and dialogue between the Catholic Church and the communist states, and the building of bridges between East and West.

Here Franz Koenig stood at the forefront. He was the Archbishop of Vienna from 1956 to 1958, when Pope John XXIII appointed him Cardinal. He played a key role in the preparations for the Second Vatican Council, 1962-1965.

Under John XXIII and Paul VI, Koenig was one of the great players in the Vatican’s *Ostpolitik*. He was crucial in the *modus vivendi* negotiations with the communist regime in Hungary – a compromise that had many opponents. One of them was Cardinal

Mindszenty, who only left the American Embassy in Budapest to go into exile in Vienna after a lot of persuasion by the Vatican (and Koenig).

In 1964, Koenig established the Pro Oriente Foundation, which had to assume a special function and task when the Second Vatican Council's Decree on Ecumenism – *Unitatis redintegratio* – opened the door wide to other Christian denominations. Pro Oriente implied more than just the implementation of the Vatican's document. It became a hallmark for the ecumenical dialogue with Orthodox Churches and Oriental Orthodox Churches. He visited Belgrade several times and met with Patriarch German and Patriarch Paul.

Pro Oriente had its team for dialogue with the Serbian Orthodox Church. The President of the Serbian Academy of Sciences and Arts, Academician Dejan Medaković, and Bishop Irinej Bulović regularly attended such meetings. I had an opportunity to be present at several such meetings where a multi-member delegation of the Serbian Orthodox Church and other prominent Serbs met and talked with the delegation of the Catholic Church. Cardinal Koenig regularly attended these meetings. Pro Oriente has been in a hibernation state, lacking special activities, enthusiasm and management, for a longer period.

Cardinal Koenig was the President of the Vatican Secretariat for Non-believers (that is, atheists, as all members of the communist parties in the world declared themselves) from 6 April 1965 until his resignation on 27 June 1980.

Koenig's transformation into a leading figure in the dialogue with the socialist camp and its communist leaders took place in quite unusual circumstances, so that he, as a deep believer, occasionally thought that it was an act of providence. However, instead of a saint, it was Yugoslav leader Tito who appeared before him.

When Cardinal Alojzije Stepinac died in 1960, the Yugoslav authorities surprisingly gave Cardinal Koenig a visa to attend his funeral in Zagreb. On his way to the destination, he had a severe car accident near Varaždin in which the driver of his car, Martin Stadler, was killed. When Koenig woke up in the hospital room where he was the only patient, he noticed a large framed photograph of President Tito on the wall.

While looking at Tito's photograph for days, Cardinal Koenig said later, he came up with the idea that, as the Archbishop of Vienna, he should do more for the churches behind the Iron Curtain and talk to people who think differently from him and communists who declare themselves atheists, that is, they do not believe in God.

Naturally, there were speculations right away that the car accident was deliberately caused by the Yugoslav secret service so that Koenig would not lead the Stepinac funeral procession, but there were no grounds for that. The careless driver lost control of the car while eating an apple, which was confirmed by Koenig's secretary who was also in the car.

Koenig started his dialogue with "non-believers" just with Tito in 1962. He asked to be received, which was accepted. Koenig recalled that Tito was very kind in every respect. He even gave Koenig

a small plane that flew him to Belgrade and then to Croatia and Slovenia. When Koenig asked Tito about the possibilities for dialogue between the Yugoslav authorities and the Vatican, he was answered that they were interested in dialogue as long as it did not interfere in domestic politics. When he asked the President of Slovenia what that meant and whether he, for example, could go to a school and say that, apart from Marxism, there are also other views of the world, the reply was: “Then it might be better that you teach mathematics.”

Tito and Cardinal Koenig met several times. They talked about the situation in Europe and the world, as well as about the Vatican’s stance on the world’s and European processes.

Koenig praised Tito’s relatively tolerant policy towards religious communities in Yugoslavia and pointed out that Yugoslavia was a great exception in the communist world. At their meeting in the Schoenbrunn Palace in 1967, Tito made a gesture that he often did: he offered the Cardinal a cigar to smoke during their conversation. The Cardinal took the cigar, but did not light it. Instead, he gave it to his secretary Johannes Huber, who recently revealed that the cigar was still with him as a souvenir.

Tito was very interested in the Vatican’s opinion about the world events and, in particular, the relations with the Soviet Union. And he could hear a lot.

The year 1963 was the turning point in the Vatican’s *Ostpolitik*. The Second Vatican Council began the previous year. In early March, Pope John XXIII received the representative of the Soviet Union in a private audience in the Vatican for the first time. It was Alexey

Ajubey, editor-in-chief of the government daily newspaper “Izvestiya“. Ajubey came to the Vatican on the orders of his father-in-law Nikita Khrushchev. During the conversation, it was possible to observe an obvious, almost dramatic change. Ajubey offered the Pope the renewal of contacts and thus the renewal of diplomatic relations with the Soviet Union. John XXIII did not reject this progress, but slowed it down. The Pope did not want to alienate the conservatives on either side. Instead, the Pontiff advised that they should act “in stages“ in the interest of both sides. But, this paved the way to a new beginning.

Immediately after this visit, the Pope issued the encyclical “Pacem in Terris”, which is probably the best known papal encyclical in the 20th century. It reached the addressees who usually did not read the Vatican’s announcements. In the period that followed, the encyclical advanced to become the oft-cited and inspiring basis for talks between the Vatican and the Soviet Union.

The Pope addressed "all people of good will", believers and non-believers, because the Church should look at the world without borders and "blocs", without privileges either for the East or for the West. The Pope called on all to seek what unites and omit what divides.

In the world dominated by the Cold War and division between capitalism and socialism, the Pope invoked the fundamental value of peace. In April 1963, when it was said, the “Cuban crisis“ was at its peak: nuclear-armed Russian missiles in Cuba were ready to attack the United States and American atomic bombs located in Western Europe were already aimed at targets in the Soviet Union, the Vatican

diplomats hastily carried the encyclical “Pace in Terris“ to the leading politicians at the time.

The policy of dialogue was continued by his successor Paul VI. During his time, in 1965, the Second Vatican Council was closed. The Archbishop of Milan, Giovanni Battista Montini, who had experience with the Curia, also continued the work of the Council. As part of the Vatican’s *Ostpolitik*, Paul VI was even ready to receive Nikita Khrushchev in an audience under certain conditions. However, this was no longer possible because Khrushchev was ousted as leader of the CPSS in 1964.

The relations with the Soviet Union, the leader of the socialist camp, were rightly given great importance by all those in the Vatican who were responsible for them. The contacts with the Soviet leadership continued to develop and were regularly cherished by both sides. They were sometimes also held at a high political level. In late January 1967, the two formal heads of state met for the first time in the Vatican. Pope Paul VI received the Chairman of the Presidium of the Supreme Soviet, Nikolai Podgorny, in a private audience. During their conversation, the concept of the Vatican’s *Ostpolitik* became clear. Paul VI wanted to come to the aid of the Catholic Church, believers and endangered clergy, as well as to assume the responsibility for the respect for human rights, counter the existential threat to world peace and use the Vatican’s moral strength to ease tensions and mediate between the blocs.

Although the contacts between the Soviet Union and the Vatican were never institutionalized, they were never broken. In the early 1970s, Moscow was visited by Archbishop Casaroli, the Vatican's "Foreign Minister". The occasion was the signing of the Treaty on the Non-Proliferation of Nuclear Weapons. At the meeting with Vladimir Kudoyarov, Chairman of the Council for Religious Affairs, the head of the Vatican's diplomacy linked the settlement of religious issues to detente policy. Religious freedom is one of the basic human rights. Interfaith and intercultural dialogue in the world will be possible only when this right is recognized. This argument also illustrates the change in the Vatican's policy resulting from the Second Vatican Council. Rome previously understood the freedom of the Catholic Church only as the "freedom of religion". The Curia thereafter opened the horizon of meaning in the sense of free exercise of religion in general.

In the early 1970s, the Vatican succeeded in increasing its significance as moral authority in international politics. On the one side, the Kremlin critically observed these developments. On the other side, the contacts with Rome could also be useful from Moscow's perspective, because the Vatican's offer opened a communication channel towards the West, which was necessary not only for economic stabilization.

The concept of the Vatican's *Ostpolitik* was confirmed by the role of Rome in the Conference for Security and Cooperation in Europe (CSCE). Since mid-1960, the Vatican has again acted as a mediator that has been sought after by both power blocs in the discussion

relating to the holding of an international security conference. The participation of the Vatican in the CSCE process was a decisive event in its history: after more than 150 years the papal state again participated in an international summit with the right to vote.

In Austria there is a cliché about Koenig as the cardinal close to people and loved by all, the people's bishop who was always calm and never challenged his opponents; a kind church father who was steadily and unreservedly by his flock.

The truth is just the opposite. Many found Franz Koenig to be extremely unpleasant; he was an opponent, almost an enemy of many; he often seemed to be too far to his church people; too intellectual and difficult. He was definitely not a man for all seasons. He was not a populist within the church.

He was a political bishop and then political cardinal. Naturally, "political" is understood not in terms of belonging to any party, but in terms of following the political line set by the Pope, in terms of the policy that was always considered controversial.

Thus, in 1958, in cooperation with Apostolic Nuncio Dellapiana, Koenig laid the foundation for a compromise concordat between the Vatican and Austria, with which they could live quite well since 1960.

It was by no means easy. In order to reach a compromise, it was necessary to talk to those on the other side, that is, the Socialist Party of Austria (SPÖ) and its leader Bruno Kreisky. Something that is now marvelously called "reconciliation" in Austria was a skilful and successful political act or, in other words, a successful search for diplomatic understanding. The Socialist Party of Austria knew how

to use that, while the rival “populists“ were very suspicious towards Koenig.

For this reason, Koenig earned the nickname “the Red cardinal“. He also became the enemy of various Catholic darklings who turned him into a “freemason of the highest order“.

After the death of John Paul I – “The September Pope“, as he was referred to because he spent as much on the throne of Saint Peter, many members of the Conclave were in a state of emotional shock. They considered Cardinal Luciani “God’s chosen one“, as Cardinal Basil Hume spoke of him at the end of their first Conclave and then, when he left the scene so soon, he inadvertently asked one question: “What does God mean by this?“ As Cardinal Joseph Ratzinger, later Pope Benedict XIV, recalled, the death of John Paul I forced the members of the Conclave to invoke their conscience: “What is God’s will at this moment? We were convinced that the election [of Luciani] was the fulfilment of the Lord’s will and not an ordinary human act... and when he died a month later, then God wishes to tell us something.“ Cardinal William Baum considered the death of John Paul I as a “message from the Lord, which is quite unusual... By intervening in earthly events in this way, the Lord wanted to teach us something“. According to Baum, the confusion that overwhelmed the Cardinals gave the second Conclave an “extremely pious and deeply spiritual character“ in contrast to the first one in August, when Albino Luciani was quickly and painlessly elected. Cardinal Ratzinger was convinced that the shock caused by the “September

papacy“, which ended so abruptly and unexpectedly, provided preconditions for “doing something new“.

The impossibility of electing an Italian candidate was an immediate pretext for something that had previously seemed impossible. The incredible outcome of the second Conclave could be explained by the fact that the Cardinals felt obliged to respond to the demand to do something new, something different, something bold.

Believing that the election of a pope – who was the representative of a country behind the Iron Curtain – would help end the “division mentality“ prevailing in the world after the Second World War, Franz Koenig was determined to convince his colleagues that not only a non-Italian pope should be elected, but that he should come from the other side of the Iron Curtain. Such a candidate was Polish Cardinal Karol Wojtyla.

The question that imposed itself here was: why Karol Wojtyla? Cardinal Koenig came to the meeting more determined than ever to insist on a non-Italian pope. The day before the opening of the Conclave, in a conversation with his old friend, the other Polish Cardinal, Stefan Wyszynski, Koenig asked:

“The Conclave will open tomorrow. Who do you consider to be the most suitable candidate?“

The Primate admitted that he had no clear answer to this question. Koenig continued:

- Maybe Poland will present its candidate?

Wyszynski exclaimed: “My Lord, do you want to say that I should go to Rome? This would be a triumph for the communists.“

“No, not you,” replied Koenig. “But there’s another...” The Primate interrupted him:

“ No, no, he’s too young, nobody knows him. He’ll never become pope...”

The Primate’s arguments did not convince Koenig. In his opinion, Vyszynski underestimated the fact that, despite his young age, Wojtyla already was a great international figure in the Catholic Church.

At the beginning, the reaction was rather cold, but gradually Koenig’s unusual proposal began to seem less frightening than a deadlock between the two Italian candidates. African Cardinals, concerned about the lack of doctrinal clarity, saw Wojtyla as a passionate preacher who consistently defended the decisions of the Second Vatican Council. He was not a protégé of the Curia, which seemed very attractive to those who considered it necessary to depart from the traditional methods of church governance. Wojtyla was a strong personality with the duties of a public politician, which could not be ignored if we recall the positive public reaction to John Paul I’s short papacy. And finally, Paul VI’s *Ostpolitik*, whose most prominent representative was Cardinal Koenig, also came under scrutiny. As the Archbishop of Krakow, Wojtyla mostly doubted the correctness of the chosen strategy and considered its diplomatic successes illusory. Koenig did not pay attention to these differences, but should have had. However, it was the *Ostpolitik*, which deprived the Holy See of its main weapon – solidarity with the West, as the most important characteristic of the Vatican’s position in the entire

post-war system – that enabled the election of the pope from behind the Iron Curtain. Although Koenig and his colleague Cardinal of Chicago lobbied intensely and successfully in the Conclave for his election as pope, Karol Wojtyla “forgot” that and, according to a good old custom, removed Koenig from all Vatican services immediately after becoming a pope. Namely, he did not agree with Koenig’s view of the Vatican policy towards the East. Wojtyla saw that communism was shaking and thought that the communists should be talked to only after its collapse. This was contrary to the opinion of Cardinal Koenig, who did not want to wait. During the 1960s and 1970s, he was opening East-West dialogues and, by making numerous visits to East European countries, was giving new impetus to interchurch, political and public dialogues in which he was supported by Cardinal Agostino Casaroli in Rome. Nevertheless, Wojtyla met with Gorbachev twice and belatedly accepted Russia, saying that “Europe must breathe with both lungs – East and West“. This has not happened yet. For the time being, Europe is mostly with pneumonia.

Box 1

Gunter Pauli, Personal Assistant to Aurelio Peccei

The Mediation of Cardinal Koenig and Kreisky

In our last year’s conversation, the former personal assistant to Aurelio Peccei, Gunter Pauli, said that, thanks to the mediation of Cardinal Koenig and Chancellor Kreisky, there were numerous meetings at which, within the Vatican’s *Ostpolitik*, a dialogue with the

representatives of the Soviet Union was also organized. By the way, Koenig was in Budapest in 1956 at the time of the Soviet invasion. At the same time, Yuri Andropov was in the Soviet Embassy.

In the Vatican, Koenig was in charge of non-believers (atheists) and he came up with the idea of approaching the Soviets and proposing that Catholics get their own bishop in the Soviet Union. It was estimated that there were about 2.5 million Catholics. He consulted Aurelio Peccei about this idea.

According to Gunter Pauli, in the conversations with the Soviets, they assessed that people were becoming criminals because they were not believers. Therefore, they wanted to strengthen the role of the Church and have the Church replace the values of the communist party. This was discussed several times. The Soviet main motivation was to prevent crime from replacing the communist ideology in the post-communist era. When he interviewed Cardinal Koenig for Pacciei's biography, he also asked him about the contacts with the Soviets, but Koenig said that it was too early to talk about them, but he still answered his questions. This was not yet published anywhere. It was Cardinal Koenig who, in 1978, imposed the election of Polish Cardinal Karol Wojtila as head of the Catholic Church after the death of John Paul I.

Business deals were also made through the Vienna Council. Those gatherings were organized by Bruno Kreisky. With their help Pepsi Cola and its President Donal Kendall opened a factory in Russia. The Russians did not by any means want Coca Cola. Since they had no foreign currency, Pepsi Cola was paid with vodka.

When something was too sensitive for the Soviets, they organized it through Todor Zhivkov. One meeting in Varna was attended by Georgi Pirinski, who was later the Foreign Minister and then the President of the Parliament in 1969. Franz Josef Strauss, head of the Bavarian Government, was also present.

Another company doing business with the Soviet Union was Tetra Pak. Its owner Ruben Rausing was an extreme anticommunist, but still did business with the communists, because he was Peccei's friend and member of the Club of Rome. On the Russian side, the partner in such business deals was the President of the USSR Chamber of Commerce, Molchanov.

Box 2

Pepsi and Its Navy

Pepsi Cola became dominant on the Soviet market through the Vienna Council. Pepsi first appeared on Soviet soil on the famous photograph of sweaty Nikita Khrushchev drinking cold Pepsi in Nixon's company at the American Exhibition in 1959. It was given to him by Donald M. Kendall, the then Vice-President of Pepsi Marketing and later longtime Chairman of the IASA Advisory Board.

In 1972, Donald Kendall was the President of the Pepsi Cola Company and was seeking the chance to bring his company to the Soviet Union, without the mediation of the Vienna Council, for years. In 1972, the contract was almost signed, but an important problem arose: "How will the Soviet Union pay Pepsi?" The problem lied in the

fact that the Soviet Union had no access to foreign currency and rubles were not traded internationally. The solution was found in payment in vodka! The Soviet government had large supplies of vodka, as all brands were state-owned. It was agreed that the Soviet Union should pay in Stolichnaya vodka, which was created according to the recipe of the famous Russian chemist Dmitri Mendeleev in 1901. That is how Stolichnaya became a world brand.

Since the original agreement between Pepsi and the Soviet Union was about to expire in 1989, the negotiations on the conclusion of the new one began. At that time, Pepsi already had more than 20 factories in the Soviet Union, which bottled this beverage for distribution. The new agreement was worth about three billion dollars and it was obvious that the exclusivity of Stolichnaya vodka was not enough for payment.

Once again the Soviet Union found a solution: if in the 1970s it had plenty of vodka, in the 1980s it had plenty of military equipment and wanted to get rid of it. Thus, the Soviet Union offered to pay Pepsi in a fleet of diesel ships and submarines. Pepsi accepted the offer knowing that it was the only way to continue selling its soft drink in the Soviet Union. The agreement included 17 submarines, cruisers, frigates and destroyers, which were sold to a Swedish scrap-recycling company. These 17 warships made the Pepsi Cola Company the world's sixth largest navy for a few days. Its President Donald Kendall said to the US National Security Advisor: "We're disarming the Soviet Union faster than you are."