

THE END OF BIPOLARITY

Consequences of Disintegration

There are many consequences of the disintegration of USSR. They are as follows:

- It led to the end of Cold War confrontations. There was no dispute of Socialist ideology and Capitalist ideology.
- Power relations in world politics changed and thus it led to change in the relative influence of ideas and institutions.
- The US became the sole superpower which also backed the capitalist economy making it the dominant economic system internationally.
- The end of the Soviet bloc paved way for the emergence of many new countries. All these countries had their own independent aspirations and choices.
- The international system saw many new players' emerge, each with its own identity, interests and economic and political difficulties.

Shock Therapy in Post-Communist Regimes

- The model of transition in Russia, Central Asia and East Europe from an authoritarian socialist system to a democratic capitalist system which was influenced by the World Bank and the IMF came to be known as 'Shock Therapy'.
- This process of transition was due to the Collapse of Communism.
- There was a need to make a total shift to a capitalist economy which meant rooting out completely any structures evolved during the Soviet period.
- Shock therapy also involved a drastic change in the external orientation of these economics.
- It also involved a break up of the existing . trade alliances among the countries of the Soviet bloc.

Consequences of Shock Therapy

- The shock therapy brought ruin to the economies and disaster upon the people of the entire region.
- The value of the Russian currency 'Ruble' declined dramatically. People lost all their savings due to high rate of inflation.

- **The government withdrew subsidies which pushed large sections of the people into poverty. The middle classes were pushed to the periphery of society.**
- **The construction of democratic institutions was not given the same attention and priority as the demands of economic transformation.**
- **Most of these economies, especially Russia, started reviving in 2000, 10 years after their independence. The reason for the revival was the export of natural resources like oil, natural gas and minerals.**