The following paper will explore the role of madness and of punitive psychiatry in Mikhail A. Bulgakov’s *The Master and Margarita* (1930, 1936). Madness haunts the work, as multiple characters fear losing their sanity, while a significant portion of the novel takes place in a Soviet mental asylum. The work itself, in turn, provides for a disorienting reading experience, keeping the reader suspended between dream and reality, never quite reconciling the two and thus, in some sense, paralleling a schizophrenic episode. The novel opens with a writer’s (Ivan Bezdomnyi’s) psychic breakdown and closes with his “cure” in the final pages, with an entire chapter in between titled “The Battle between the [Psychiatric] Professor and the Poet.” With insanity clearly an important theme in the novel, the paper will explore the relationship between madness and creativity within the work, as well as the role of the artist in the repressive literary world of the 1920s and 1930s Soviet Union. In addition, the paper will also focus on the connection of both to the birth of the practice of using punitive psychiatry to control the dissident population, with the latter, in this case, represented by the Master and, at a certain point, Ivan himself. The paper will begin by historicising and situating the medicalization of madness within the European, as well as the Russian and early Soviet, contexts. It will then explore the usage of the “special psychiatric hospitals” by the Soviet government in order to control the dissident population, beginning with the 1930s. Finally, the paper will rely on close reading analysis, focusing in particular on the figures of the dissident writer the Master, the psychiatrist Stravinsky, as well as on the eventually “rehabilitated” State writer Bezdomnyi.