Why Did The Soviet Union Suffer From Stagnation?

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Acknowledgments

“Stop for an instant and fall behind a mile”

For those that helped me reach this point; the Friends, Family and Colleagues that stood by me

Thank you
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Introduction

The history of the Soviet Union spanned from its foundation in 1922 to its collapse in 1991. During this time it assumed the status of the second superpower with a rivalry only matched by the United States. However at the 27th Party Congress, Mikhail Gorbachev explained the desperate situation that the Union found itself in. He argues that under the leadership of Leonid Brezhnev, the Soviet Union had entered an Era of Stagnation. That the political, economic and social situation had declined so far that only drastic action could save the Soviet Union from collapse. However within five years it had completely dissolved into its constituent states. We must therefore understand the importance the era of stagnation holds to Soviet history. But the reasons for stagnation on a national scale are complex and too numerous to lay the blame on one factor. Instead we must break down each part of the Soviet Union to understand how stagnation could occur. To start we must look at the ideological background to the Soviet Union. As a declared socialist state, its guiding ideology was to change under Brezhnev. From this change we then need to examine the three core spectrums of the Soviet Union; The economy, society and the political leadership. The economy was the driving force of Soviet power with, as our analysis will show, a highly developed military-industrial complex. But it faced calls for modernisation and a radical change from expansionism to intensification. Soviet society had progressed to become highly diverse and according to Nikita Khrushchev, only a few years away from full communism. But instead it would decline into stagnation in only a few years under Brezhnev. The political landscape of the Soviet Union was controlled completely by the Communist Party. Under its leadership, the Soviet Union had risen to superpower status. But behind this façade the actions taken will show a Party fraught with doubt and ineptitude. Overall our investigation will show that each spectrum faced complex challenges
that were interdependent of each other. However we need to look closely at the situation to measure if it declined from deterioration into stagnation. Ultimately we will see that the separate actions taken across the entire Soviet Union combined through a shared attitude and focus to take the superpower to stagnation under the leadership of Leonid Brezhnev.
Chapter 1 Developed Socialism

Developed Socialism became the core ideology of the Soviet Union under Brezhnev. As its name implies, it is an evolution of the socialist system. Breaking from the core progression towards communism laid out by Marx, it was meant to recognise the growing complexity of the Soviet Union. In order to understand how developed socialism led to stagnation, we must understand this core ideology. In doing so, it provides a foundation to contextualise the actions taken that contributed to stagnation. Through a three stage analysis we can fully chart the conception of developed socialism. First we will look at the motivation to implement such an ideology. Under Khrushchev, full communism was seen as achievable by 1980. However, by looking at the situation, as it appeared to Brezhnev, we can understand how this was dismissed and replaced with a continuation of socialism. Secondly, in looking at the economic aspects of developed socialism, the key foundations of stagnation are uncovered. The desire for competition within a centrally planned economy was to become an ideological paradox. Finally, we will examine how this new ideology was to tackle the increasing diversity and complexity of Society. In attempting to solve the problem of equality in an unequal system, we see the inherent problems to any action at this time. Overall we will see that the focus on stability and security over diversity and liberty was to resonate on the whole Soviet Union. But in understanding the ideology guiding policy at this time, we can judge where blame lies for failings. Ultimately, we must have an understanding of developed socialism to provide context to the events in the Soviet Union that turned to stagnation.

With Khrushchev’s removal from office on the 14th of October 1964, the Soviet Union needed to take stock of its situation. Khrushchev had presided over great progress in the
Soviet Union, however as Sandle (1999, p327) argues, the effect was sporadic and uneven. For example, living standards had started to rise but industry and agriculture were treated separately within the party. For Brezhnev the progression of the Soviet Union was to boil down to a few core factors; stability and security. Sandle (1999, p335) further argued that stability had a personal resonance for Brezhnev, given the bloodless coup that granted his leadership. A watershed moment was to take place with new leaders in the Soviet Union; to address these changing priorities the concept of developed socialism was introduced. The party would work to perfect the current socialist system, focusing on the welfare of the individual and the growth of society. Abalkin writes, “The Party’s understanding of developed socialism per se as a relatively independent, prolonged historical stage is of exceptionally great importance.” (Abalkin, 1985, p7) Out of this new ideological standpoint, practical actions could be taken. Reform was to be a key idea at the formation of developed socialism, starting with political consultation. “The planning, administration and guidance of society now became the crucial sphere for the translation of scientific-technical changes (and the consequence of social-economic development) into actual policies that would attempt to realize the widely accepted political goals of modernization and stability” Sandle (1999, p339-340) We see that the aim of Brezhnev and the wider party was to build stability through rational actions; to ultimately break from the personality led actions of Stalin and Khrushchev. How this would evolve over the years is a key part of the roots of stagnation. But from its conception we must now understand its applications to specific areas of Soviet Society.

The concept of scientific rationalism was to be applied to the Soviet economy. The State Committee for Planning, Gosplan, exercised control of all state enterprise with its
construction of the five year plans. Developed socialism regarded Gosplan as a system to be improved not overhauled. Instead as Lane (1985) highlights, the plan was to stimulate growth through the introduction of creativity. Central control was to be relaxed as local autonomy was introduced along the lines of the Kosygin reforms. The scale of autonomy involved the flexibility of prices in a local economic area, effectively introducing small scale markets. By doing so it was planned that surplus could be reinvested in the modernisation of industry, thereby stabilising economic growth, Moss (2005, p431). However, it’s key that we understand that political control was still held over the economy. As Lane (1985, p68) points out, the core economic tenants of the Party were the same as before; full employment, wealth distribution and social improvement. For Brezhnev, developed socialism was designed to mould the command economy not radically change it. For example, Ruban (1984, p11) argues, the stabilisation of the economy was intended to provide a surplus that could be invested in the consumer sector. In doing so, the desires of society could be fulfilled efficiently and quickly. But more importantly for the Party, the economic aspects of developed socialism would bring political stability. The aftermath of Khrushchev was to create a system in turmoil but that had potential to succeed. Ultimately, the introduction of developed socialism was meant to provide a singular source of guidance. For the economy it had set goals and set methods that aimed to deliver growth and stability. It was not meant to change the system radically, instead provide order.

With the introduction of developed socialism came recognition of the growing diversity in Soviet society. The great leap forward gave the Soviet Union the industrialisation it needed to become a world power but at the expense of a tandem consumer revolution. Khrushchev had started polices to address this, as Fig.1 shows, a large scale investment in housing was
made. But the wider consumer industry was still an economic minority. This presented a unique set of challenges for the Party to address. As Kapukhin & Oblomskaia (1980) argues, the question became how to measure and balance the desires of the individual with the needs of the State. As previously mentioned, the key priority for the Party was the stability of the nation. Zaitsev (1981, p64) argues, for the Soviets an expansion of consumerism presents a focus on the individual that is incompatible with socialism, consequently the solution to these issues was developed socialism. Osborn (1970) explains, the individual desire for consumption would be answered with an expansion of state produced goods and the fears of individualism would be allayed by strengthening the relationship between state and citizen. Furthermore, social provisions such as education, healthcare and housing were to be expanded and improved. For Brezhnev, this presented the best way to achieve stability at home and abroad. With economic restructuring and investment, a surplus could be generated to improve the domestic situation. Consequently this would help boost productivity and provide the necessary human resources to modernise society. The important point to note, is the fundamental role of the state. As Zaitsev (1981) poses, by providing all choices for the citizens they would have no option but to engage with the state. This engagement, it was hoped, would bring the political stability desperately desired by the Party. Ultimately, developed socialism was to provide the answer to the problem of diversity within an equalitarian society.

To summarise, the concept of developed socialism was instituted to answer the growing problems of the Soviet Union. With the removal of Khrushchev came clear economic and social deficiencies that needed to be addressed. For Brezhnev, his assumption of power was still fragile and intertwined with the short term success or failure of the state. With the
creation of developed socialism, a central voice to bring order and progression was established. The economy would still follow the command principles initially but these would melt away into regional autonomous markets following the principles of the Kosygin’s reforms. A rational scientific approach was to be brought to the development of economic planning. This would lead to the rapid and efficient transition from expansion to intensification, providing long term stability, which would address the growing neglect of the consumer market. For the Party, the need to engage with the post war generation was important to its continued hegemony. Clearly, the need for stability and security defines the motivations behind developed socialism. Significantly, we now have the ideological foundation necessary to explain the descent into stagnation.
Chapter 2 Economic Causes

We cannot understand how stagnation occurred in the Soviet Union without investigating the role of the economy. Many of the key causes of stagnation are to be found in the economic activity during this time. As Fig.2 shows, the economy was growing in the aftermath of World War Two. But as Fig.7 shows, from Brezhnev’s reign onwards it sharply declined into a prolonged mix of stagnation and instability. However the manifestation of stagnation cannot, as Nell (2011) argues, be predicted from the events before the tenure of Brezhnev. We must understand how such a dramatic change occurred in order to answer the wider question of stagnation in the Soviet system. To do this, we must conduct a two stage analysis of economic stagnation. First, an investigation of the decisions and actions that contributed to the start of stagnation. Then we can investigate the reaction to declining economic conditions and understand why recession turned to stagnation. To cover both aspects our focus needs to be directed to a number of specific areas. Firstly, we must evaluate the actions of the State Committee for Planning, Gosplan. As the chief control of the command economy, their actions before and during stagnation provide evidence of the high level mismanagement that was to become synonymous with stagnation. From the top of the economy we must work down to look at the actions of the managers and workers tasked to deliver the practical results of economic reform. We will place particular focus on the intensification and modernisation attempts within heavy industry. In doing so, we gain a better perspective of the action-reaction cycle that was to cripple the economy into stagnation. We must then provide global context to the economic position of the Soviet Union. By looking at the reactions to the slowdown of the economy, particularly the reaction to the 1973 Oil Crisis, we can understand the contradictory position the economy found itself. Furthermore, by analysing the trends and motivations of defence spending, we
can understand the complexities of the socio-economic and geopolitical goals that the Party wished to achieve. From this we are able to understand how the decision to address the consumer needs of society would have such a disastrous effect on the economy. Ultimately, our investigation will highlight a lack of robustness in the economy that was dramatically revealed under Brezhnev.

The role of Gosplan had been long established before the reign of Brezhnev. As the State Committee for Planning, it was tasked with directing the centralised command economy according to Party objectives. Prostiakov, Balashova & Lakunina (1978) explain, the Ninth and Tenth Five Year Plans spelled out the need for the economy to diversify and stabilise. From this, the consumer market could be expanded to fulfil the expectations of the Soviet people. However to achieve this, the Soviet economy would have to dramatically improve.

As Durasoff, D. (1988) explains, the simplest method was to attempt a limited implementation of the Kosygin reforms. Specifically by introducing autonomy at a regional level downwards, it was hoped that economic growth could become self-sustaining. For the Soviet planners, this was seen as risky but the only way to achieve quick measurable results. The case of the Shchekino Chemical plant highlights the sort of short term progress expected by Gosplan. As Kasakow (1974) explains, the plant was given control over its resources with the challenge of increasing productivity. The value of its goods was to be normalised but its wage budget was to be frozen. We can see that results from the plan were a resounding success;

“wages rose by 45 per cent. Over a ten year period, chemical output rose by 170 per cent and labour productivity by 240 per cent….Social amenities were also improved: housing and rest homes were constructed out of savings.” Lane (1985, p70)
However, when the plan was implemented at the main machine construction plant at Perm Oblast, the results were not as impressive. After one year, in 1969 sales had only increased by 11.7%, profitability by 26.4% and wages by 6.2%, Kasakow (1974, p138). The explanation for the disparity is a core contributing factor to stagnation. Shchekino only required an investment in machinery. However Perm required an investment in the skill set of its workers. As Goldman (1971) argues, the application of a generic economic policy was dangerously naive for the Soviet economy. This high level lack of attention to detail set the stage for stagnation. The move by Gosplan to introduce reform without the necessary investment was to amplify the problems already manifest. As Rutland, P. (1993) highlights, academia and economic expertise was focused on the expansionist policies of Stalin. With a fundamental policy shift to intensification, there simply was not enough information available to manage it correctly. Ultimately, the move to reform the economy to achieve party objectives would provide the conditions necessary for stagnation. However, as Fig.7 shows growth did not collapse until 1976. To understand why stagnation propagated we must look at the actions of managers.

The reaction of industrial managers is an important contributory factor to stagnation. Under the command economy, managers would have to achieve quantitate targets free from competition. But as Rumer (1989) argues, the need for modernisation and intensification were at odds with such a rigid planning system. The Donbass mining area in the Eastern Ukraine is a key example of the contradictory environment that faced managers. As Danilin (2002) explains, the region was a large scale source of hard coal, key to producing high quality steel. Under expansionism, output had increased from 509t in 1950 to 1834t in 1973 and from 81 fewer pits, Danilin (2002, p168). However when compared to 8187t per pit per
day in Poland, Danilin (2002, p168), this illustrated the need for reform. But the nature of change expected from central planners was counterproductive to managers. The reforms introduced a market led price for coal. But Lane (1985) explains the coal industry had been heavily subsidised since the war. Combined with the complex geology of the region this was to lead to a large scale devaluation of Donbass coal. Managers were now being tasked to reverse the lack of investment over the last 30 years within the following 5. Moreover, as Lane (1985) explains, managers were only qualified in expansionist economic theory. The task was to prove too great in the Donbass region. With no capital to provide new machines and a freeze on wages in line with the Shchekino experiment, managers were unable to achieve the targets and retreated into stagnation. In the case of Donbass, between 1981 and 1985 only 2,100,000 t of new capacity was brought online instead of the ordered 12,000,000 t, Danilin (2002, p169). We see that the conditions in Donbass were conducive only to stagnation. For managers, they had neither the political or economic option to address the problems they faced. As such the slide into stagnation was easily precipitated by leaders of industry. However whilst the decent into stagnation was facilitated by both central planners and the leaders of industry, we cannot ignore the actions of the workforce.

The Soviet concept of employment was radically different to that in the contemporary west. Work was guaranteed and encouraged to become a rewarding part of Soviet culture. As Laver (1997) explains, satisfaction with employment was high during the expansionist years of Stalin. However by the end of Brezhnev’s regime, as Gregory & Dietz (1991) explain, productivity in the workforce had dramatically stagnated. To explain this we must look at the changes in the expectation of the workforce as society became increasingly diverse. Rumer (1989) argues the technical skill set required in the labour force expanded
dramatically post war, to cope with the rise in mechanisation across industry and agriculture. For the average worker, this presented a transition that was to prove decisive to stagnation. The Shchekino experiment explains this situation keenly. Under the experiment, wage budgets were frozen to force managers to intensify production. Kasakow (1974) argues this was meant to lead to a reduction of the workforce, thereby maintaining a progressive wage structure. But as this failed to manifest, the workforce in industry was left with a freeze on real wages by the mid 1970’s. Combined with the relentless demand for increased productivity, workers felt dehumanised from their jobs. This alienation became even more apparent in the agricultural sector. As Sandle (1999) argues, the Party could not afford to allow agriculture to stagnate. It provided investment in new machines and continued the expansion of state farms initiated by Khrushchev. However the difference between state farms and private cultivation was dramatic; “Under Brezhnev the private plots yielded thirty per cent of the total production while constituting only four per cent of the USSR’s cultivated area.” Service (2009, p402). The workers became focused on their private plots over the state farms because they had a personal investment in their own crops. The need to reconnect the workforce was not lost on Soviet planners. Karpukhin & Oblomskaia (1980) argue that the alienation of the workforce was a greater challenge than research and development. Ultimately, the labour pool became disenfranchised from their jobs. Whilst we will see the outside factors contributing to human stagnation, the economic factors are clear. The freeze of wages and the lack of investment in working conditions helped exacerbate the problems faced in all parts of the economy. However the lack of investment was a problem across the economy. We must therefore look at the impact of the defence sector to understand why.
For the Soviet economy, one of its largest interests was the funding of the defence sector. As Lane (1985, p55) explains, defence spending contributed an estimated 9.5% of expenditure in the Soviet economy. From an ideological standpoint, this budget was curtailed to provide investment capital. But as Sella (1984) explains, the military had become a self-serving part of the economy. Fig. 5 shows defence spending was stabilised by Brezhnev’s leadership, increasing steadily during the period. Brada & Graves (1988) explain the difference in objective and achievement as a result of political misunderstanding and poor oversight of the military. The fundamental goal of the defence sector was to defend the Soviet Union. For Soviet defence economists, Service (2009) argues their primary interest lay in securing long term stable funding that could counteract American defence policy. This contradictory economic agenda was further exacerbated by the industrial problems within the economy. Canby in Alford, J (1981) explains that Soviet military doctrine called for civilian research to help deliver defence projects. However Maddock (1988) argues that the defence sector viewed civilian research and development as incapable of meeting its demands. For the defence sector, it was left with no choice but to defend its economic interests to secure its strategic goals. Furthermore, Brada & Graves (1988) point out that by the mid 1970’s, Soviet planners believed they had attained military parity with the West. With no pressing military threat to impact the economy, funding should have been reduced. To illustrate why it didn’t, we need to look at the data on American defence funding. As Fig. 8 shows, American spending fluctuated regularly whilst still representing a figure higher than the Soviets in real terms. For the Soviets, as Maddock (1988) argues, they may have reached a military parity in Europe but as an overall strategic competition they were far behind. However, this represents nothing new from an economic perspective. Instead we must realise that the political interference with spending was to
become a greater cause of stagnation than the defence budget itself. The short-sighted belief that the defence budget could become a quick source of capital was damaging, and as a contributing factor to stagnation, we must conclude that the spending was erratic. Furthermore it remained a constant factor of economic planning throughout Brezhnev’s era. But we must look to other actions taken to fully explain how the economy could stagnate.

We must be careful to understand the distinction between economic recession and the wider concept of stagnation. As Gorbachev explained, stagnation was to extend beyond the economic situation to infect the decision making process. The reaction to the 1973 Oil Crisis explains this clearly. The Organisation of Arab Petroleum Exporting Countries, OAPEC, cut production in response to the Yom Kippur War, driving the price of oil and gas to high levels. Gustafson (1990) explains, for the Soviets this represented an opportunity to exploit their energy reserves of gas and oil in Siberia; however, the path taken to do this was flawed. Rumer, B (1989) explains that money was perversely taken out of the budget for the steel industry to expand the oil industry; but to build an effective oil economy required high quality steel. The contradictory nature of energy was further exhibited with the provisions for Donbass in the Tenth Five Year Plan. As Danilin (2002) explains, the region thought that the plan would bring necessary investment but instead the money was transferred to boost gas production. We can see that as economic growth stalled, it emerged that decision making became a reactionary process. As the oil crisis calmed and prices stabilised, the Soviet rush to expand production without economic foresight created serious problems; "The price of near-term success was long-term imbalance. The gas industry must now spend more money to offset the side effects of the campaign" Gustafson (1990, p160). As well as highlighting the inherent problems of the planning system it also shows the lack of
robustness in the Soviet economy. Ultimately, the reaction to the short term opportunity presented by the 1973 Oil Crisis highlighted how the economy could slide from recession to stagnation. We see that economic planning had neither the capacity nor the robustness to enact change. As a contributing factor to stagnation we see that regardless of the timeframe, impatience was a characteristic in Soviet economics that was as entrenched as the command economy itself.

To conclude, the economic causes of stagnation are varied and self-evident. From the political desire for economic reform, came a series of actions that acted to push the Soviet economy into a prolonged period of stagnation. The results of the Shchekino experiment provided promising results; but the emphasis on how results were achieved, not why, became a fundamental flaw of Gosplan. Industrial reform was mismanaged and underfunded, as exhibited by the experience of the Donbass mining region of Ukraine and highlights the contribution of managers to stagnation. A reliance on the old methods of productivity, where the need for modernisation and intensification was clear, reiterates how far incompetence penetrated the economy. Consequently this combined to promote the dehumanisation of the workforce. However we have to look deeper to understand how the economic situation could evolve from recession to stagnation. The example of defence management highlights the systemic failings of the economy. Developed socialism had called for a reduction in the defence budget based upon the assumption that it would not affect the long term abilities of the military. But this flawed approach to economic planning helps explain how the situation could decline to stagnation. This becomes evident with the reaction to the 1973 Oil Crisis. It was initially hoped that a short term shock development would capitalise on the opportunity presented by high oil prices. But the failure to realise
this objective highlighted the lack of robustness and elasticity within the economy. The inherent problems of the planning system such as a failure to intensify and modernise, would push the superpower into economic stagnation. Now we must look at the other parts of society to understand how this significant failure could occur within the second superpower.
Chapter 3 Social Causes

To fully understand stagnation in the Soviet Union, we must understand the impact of stagnation within the wider society. As Brezhnev came to power, society was evolving to a complexity not experienced before which Fürst (2010) explains was the result of the post war economic boom. There was still a focus on socio-economic stability but in addition a greater standard of living was expected. However, as Thompson (2003) stated, aspirations were to turn to stagnation in the Brezhnev’s era. To understand why, we must take a two stage chronological analysis. First we need to examine the start of Brezhnev’s era and the implementation of the social contract. Envisaged to secure stability and higher living standards at the price of political interference; the social contract was anticipated to have a fundamental impact on society. Secondly, by investigating the progression of three core areas, we can chart the progression of society under Brezhnev. Initially, we need to look at the changes to labour relations as the workplace evolved to a post industrialist concept, then chart the conception and reaction to consumer desires. Finally, we need to understand the provisions of social welfare, such as education, to complete our picture of Soviet society. However, we must further understand the differences between social values within a socialist state. We therefore need to examine these differences in detail to provide a clear measure of if society really stagnated. We will see how the expectations of the Soviet people were to become increasingly neglected throughout Brezhnev’s time in charge. Furthermore in understanding the exact way these frustrations were provoked we can understand how they would evolve into a widespread form of social stagnation. Ultimately, without understanding the problems of society, we cannot understand the wider implications of stagnation in the Soviet Union.
The changes in Soviet society were to become a pressing issue at the start of Brezhnev’s era. As Fürst (2010) explains, the generation that came of age in the post war period wished to see the surplus of labour transformed into a higher standard of living. However the disproportionate expansion of the Soviet economy had left the consumer sector underdeveloped. To ensure stability within society but also to answer the growing cultural demands, a new social contract was developed. As Cook (1992) explains, the basic tenants of society such as education, wages and housing would be secured. In return, the people would agree to live by the policies set out by the Party. This contract was seen as the best way, as Thomson (2003) argues, for the Soviets to maintain political control at a time of turmoil. However for the ordinary citizen, as Fürst (2010) argues, this represented an unnecessary extension of state control. However at its conception, we must understand that the lack of political involvement did not affect the majority of the population. Instead, the initial reception appeared to be favourable. As Kährik & Tammaru (2010) explain, the overlap of Khrushchev’s housing policy was as well received as the housing it provided. The seeming continuation of the post war economic boom allowed diversity to be encouraged. As Littlejohn (1984) explains, the beginnings of the social contract helped remove traditional class boundaries as society evolved optimistically within the socialist system. Importantly however, we must understand that the long term success was based on the assumption of economic growth. Thomson (2003) highlights that as the economy slowed down; the ability for the contract to appease the public became increasingly marginal and frustrating. Overall we must understand that the formation of the social contract was based on a few key assumptions that turned out to be flawed. The initial successes, such as housing, were the result of pre Brezhnev policies. However to see how this situation could deteriorate into stagnation, we must examine the progression of society throughout the Brezhnev era.
We must look to the evolution of the labour market to fully understand social decline in the Soviet Union. As Thomson (2003) explains, the provision of employment was a staple of Soviet socialism. Under the social contract, this relationship was to be improved by reforming and stabilising wages. Initially, this was well received as it provided economic stability to the individual. However, Goldman (1971) argues that this began the decline towards stagnation. With wages fixed, the traditional method of rewarding hard work and experience was removed. Further to this as Fig.9 illustrates, wages were set at conventionally disproportionate levels. On average white collar workers were paid less than blue collar; “a bus driver in the 1970’s earned 230 roubles, a secondary school teacher 150 roubles” Service (2009, p409). In effect, as Osborn (1970) explains, social emphasis became over simplistic and without consideration to academic achievement. This was to have a fundamental effect on society. Without a system of economic incentives, the labour force was to stagnate into a position of minimalistic effort in the workplace. However, as Littlejohn (1984) explains, the lack of wage incentives was not the only reason for stagnation within the labour force. The system of rewards within the labour market was not exclusively related to wages. Access to facilities, such as better housing or foreign good stores, were as important as wages. As Thomson (2003) explains, a teacher and engineer would have the disparity in their wages augmented by access to these social privileges; however these rewards were dislocated across society. As Danilin (2002) explains, the lack of improved working conditions in the coal industry was supposed to be negated by an improvement in living standards and wages. However, the failure to improve the standard of living becomes clear with the waiting list for new homes. By 1975 73,600 miners were on the housing list growing to 114,300 by 1985, Danilin (2002, p170). Importantly, we see that the link between economic progression and self-improvement was broken. Wage reforms had removed the
incentive to achieve in the workplace. The economic slowdown drastically affected the implementation of social renewal. Ultimately the moves to create social stability accelerated economic instability. But we need to examine other areas of decline to fully understand stagnation in society.

The development of consumer desires within Soviet society was to present a unique challenge. As Fürst (2010) expands, Soviet society became increasingly diverse as it evolved to become fully industrialised. This diversity, as Miller (1960) explains, became increasingly consumer driven as a result of the mass migrations of the Great Patriotic War. For Soviet planners, the problem became how to appease the changing desires of a socialist state free from economic choice. Developed socialism attempted to answer these needs by rapidly evolving the economy to produce consumer goods, whilst, as Pearson (2002) argues, the short term consumer expansion rapidly declined as the economy stagnated. As central planners tried to promote economic growth, attempts were made to appease the consumer shortfalls. Markham (1964) explains Soviet advertising was expanded and tasked with promoting interest in goods regardless of quality. Importantly, we see that the attitudes to the consumer desires of the population were intrinsically linked to the wider attitudes of society. But the failure to solve the consumer problem extends beyond the macroeconomics of industry itself. Graham in Jones et al (1991) explains the socio-political problem that evolved in tandem with developed socialism. For the Party, investment in the gratification of the workers was not a priority. As Service (2009) argues, the need to produce capital goods outweighed the investment to the domestic consumer. However, improvements were made; “from 1970 to 1980 domestic ownership of refrigerators increased from 32% to 86%, televisions from 51% to 74%” Service (2009, p409). It is important to see that efforts were
made to help address the growing demand for a higher standard of living. However shortages in consumer goods only served to exacerbate wider problems in society. We see that regardless of wage levels, consumer supplies were so low that it effectively stunted social progression. Furthermore we must examine the progression of social provisions to further understand the condition of society.

As with any country, the Soviet Union ensured that society was provided with core welfare provisions; Schools, hospitals, leisure facilities were all provided to ensure the healthy development of society. But as Nechemias (1978) explains, the ideological motivation to provide for the welfare of society changed under Brezhnev. As expansionist theory had been applied to welfare, it led to a dichotomy emerging. This was radically pronounced in education and healthcare where, as Service (2009) explains, the elite had priority on the best. However, the social contract emphasised equality of opportunity as a top priority.

Cook (1992) argues that inequality was still present but it dramatically reduced under Brezhnev. We can clearly see evidence of this in the education levels of Soviet society. From 1959 to 1984 the number of adults completing secondary education rose by 25.5% to a high of 36.4%, those with a full higher education more than tripled to 8.2%, Thompson (2003, p87). The increased focus on welfare was also apparent in health care as the Soviet Union overtook the United States in provisions; 2.5 million more beds and 640,000 more doctors by 1988, Powell, D in Jones et al (1991,p175). It is also important to understand how welfare was paid for in the Soviet Union. In addition to the wage earned, citizens would receive a social wage. Fig.11 explains the breakdown of income between earned and social benefits. As Osborn (1970) explains, earned income would be boosted by the social wage. The intention was that provisions that were not waivered would be paid for from this subsidy,
i.e. child care. The important issue to note is the direct funding of welfare by the state to citizens. Overall we see that welfare was an important part of Soviet society. For many, the cost of welfare was negated by subsidies at both delivery and within the wage system. But the system did not allow for personal choice and we see that society was presented with only one option which was based on state subsidy. However we must now measure Soviet society by its own standards to understand if and how it stagnated.

We cannot assess stagnation in Soviet society by western standards. Instead it is vital that we understand the relative nature of values and expectations. As Miller (1960) argues, the expectations of the Soviet citizens were modest by western post war standards. Furthermore, Nechemias (1978) argues that standards of living did improve throughout the Brezhnev era. But it important that we analyse social data so we can see a true picture of Soviet society. We have seen that the disparity in wages across similar sectors was meant to be resolved by other social privileges. However as Service (2009) argues, the removal of an official privilege system was replaced with an unofficial market. This was exacerbated as the level of funding caused deterioration in education and healthcare. In particular the heath budget dropped from 6.6% in 1960 to 5% in 1980 as a percentage of total state expenditure, Powell in Jones et al (1991, p177). The problems in Soviet society are further explained by the national statistics on the population. As Fig.10 shows, mortality consistently grew during Brezhnev’s leadership. Brainerd (2010) argues that births and general health rose until 1970 and then stalled. Taking a step back we can clearly see that Soviet society was deteriorating under Brezhnev, however we must understand that the reasons for this are more complex than empirical data. Meier (1984) argues that the cause lies with the states desire for control, that stability was desired over progress. However, Zhuk (2008) counters that the
bleed through of western values alienated the generations that matured post war.

Fundamentally, we must understand that the diversity of the Soviet Union was the key factor to social stagnation. Kim (2002) explains that the state answer to diversity was meant to be a reaffirmation of the social contract. But the impersonal nature of implementation exacerbated social differences on a wide scale. As Osborn (1970) comments, the system of social subsidy to wages was flawed for two reasons; it was economically unsustainable and stunted progress. It is this issue of social progression that is most important to the question of stagnation. For the average Soviet citizen, they had guaranties of welfare, work and stability; which came at the price of social mobility. We therefore see that whilst the empirical data may show progress in society, it hides the stagnation behind it.

Overall the decline of Soviet society into stagnation was the result of a multitude of factors. Initially, the reconstruction of the social contract between state and citizen showed promise. Wages were stabilised, creating economic security within the home. The rise in wages brought greater purchasing power to the Soviet home, facilitating the growth of living standards. Furthermore, high economics were turned to expand the neglected consumer market. As such the saturation of large domestic appliances, such as televisions and refrigerators, grew dramatically. We also see that social welfare, a core of the socialist system, became more egalitarian and accessible under Brezhnev. However, important statistics from the era point to a world of stagnation behind this. Mortality grew consistently throughout the Brezhnev era. Birth rates stalled, reflecting the overall stagnation of social health. We also see that the budgets for social provisions dropped as the economy slowed. Healthcare, education, social services would all deteriorate with reduced budgets. A picture emerges of a society with many guaranties that failed to deliver over the progression of the
Brezhnev era. However what moved the society from decline to stagnation is the realisation that the general population could not change their individual situations. The social contract of developed socialism was bought with the promise not to interfere politically. Originally meant to enable political stability, it was to provide a core component to stagnation in society. For the average citizen the desire for self-improvement was oppressed to ensure stability. As the economic deterioration caused social problems it was accelerated by the motivation of the people. Simply put the average citizen saw no benefit to improving the situation around them. We must be careful to understand the importance of age at this time. Society had evolved to introduce a new generation to the working world that had not lived before the great leap forward. Ultimately we see that while the Party understood this, it failed to reinvigorate this new generation to the sacrifices demanded by socialism. But, for this reason we cannot understand the causes of stagnation without also understanding its political manifestation.
Chapter 4, Political Causes

To understand the proliferation of stagnation in the Soviet Union, we must examine the political situation. The main political objectives of the Party under Brezhnev were to ensure stability and security. But as Gorbachev proclaimed in his speech to the 27th Party Congress: “For a number of years the deeds and actions of the Party and Government bodies aged behind the needs of the times and of life” Gorbachev (1986, p6). Therefore, how these priorities were achieved helps us to understand the contradictory actions that led to stagnation. To do this, our analysis needs to focus on the separate spheres that comprised the political landscape of the Soviet Union. As we have seen, the domestic priority for the party was the maintenance of stability. The introduction of a new social contract was meant to guarantee the place of the Party. But the reactions and assumptions associated with the contract would instead breed stagnation. Furthermore, we need to take a two stage view of foreign affairs. Firstly, we must understand the relationship between the Soviet Union and its satellite states. By using the examples of the Eastern Bloc, in particular the Prague Spring of 1968, we can understand how the desire for stability would in fact promote resentment and reinforce stagnation. Further afield, we must look at the relationship of the Soviet Union to the wider world. With a particular focus on Détente, we can see how the domestic situation would become the template for foreign affairs. Finally by examining the reaction cycle to foreign affairs, with focus on the 1979 invasion of Afghanistan, we can distinguish between political ineptitude and stagnation. Overall we can build a picture of a political body that ruled the Soviet Union. Through these specific interests, we can understand how those that were meant to guide the country led it to stagnation.
To achieve domestic stability, the main priority for the Party was to renew the relationship of the people to the State. As we have seen, the increasing diversity of society had weakened the traditional support for the Party’s position. Furthermore as Heller & Nekrick (1986) argue, the actions of Khrushchev had alienated the political elite, Nomenklatura, causing friction within the Party itself. In addition, the alienation within the Party had directly led to the emergence of Brezhnev as leader. The situation had developed into a paradoxical mix, as to ensure stability would require drastic action. To solve this, Brezhnev argued the party itself needed to reform whilst maintaining its hegemony in society. As Cook (1992) explains, the introduction of a new social contract was meant to achieve this. By guaranteeing basic provisions in society at the expense of political expression, the Party could buy time for reform. However, Hough in Bialer & Gustafson (1982) argue, that the renewal of the Party was intended to be limited to the lower levels. With this decision we see the early stages of stagnation within the Party. As Thompson (2003) argues, by stabilising the Party at the lower levels it introduced a fear of reform. The security of a political position was only guaranteed under the maintenance of the system. This fear of reform and link to stagnation becomes clearer in the actions taken towards party membership and promotion. As Fig.12 shows, party membership increased by millions under Brezhnev. But we must note the disparity in rise between different social groups. Harasymiw (1984) argues that this was a result of promoting those who favoured stability over initiative. In addition, the failure to introduce reform at the top removed the motivation to pursue drastic reforms. A prime example of this relates to the size of private land for agriculture. As Paretskaya (2010) argues, the Party understood the efficiencies that private ownership and capitalist competition could bring. However Service (2009) explains, when faced with the dramatic need to increase harvests, the Politburo delayed expanding
the more efficient private plots. Conversely, the reforms the Party did enact highlight the extent of stagnation. As Oltean (2009) explains, the attitudes to Jewish emigration relaxed dramatically under Brezhnev. The numbers of those leaving rose highlighting the scale of dissatisfaction with life in the Soviet Union. Ultimately we see that Brezhnev encouraged a culture of mediocrity. Domestically, the emphasis on stability developed into stagnation, with key policies and people held back by the desire for the status quo. However, we cannot ignore Soviet foreign policy in our understanding of political stagnation.

To understand how political stagnation could occur in foreign policy, we must first look at the relationship between the Soviet Union and its socialist allies. As Schmid (1985) argues, the Soviet Union needed a strategic and economic buffer from the West. For Brezhnev, this meant the maintenance of the Warsaw pact became a high priority. However Durasoff (1988) argues the actions taken to maintain this alliance were a reflection of domestic stagnation. The vital example of this is the Brezhnev Doctrine. Introduced in September 1968, it outlined the Soviet Union’s commitment to the protection of socialism in all its forms around the globe. Valenta & Potter (1984) argue its inception came as a retrospective justification of intervention in Hungary and Czechoslovakia. With reference to the Prague Spring, as Time (1978) argues, we see that the freedoms granted to implement reform, were at odds with the Soviet vision of international socialism. For the Soviets, they believed that the actions of Dubček were changing the sphere of influence in Europe. However Valenta & Potter (1984) argue, the decision for military intervention was a direct result of political stagnation. The Party failed to understand the consequence of relaxed political conditions in Czechoslovakia. The decision to resort to military intervention becomes a reflection of their ineptitude. The Brezhnev Doctrine was also responsible for propagating stagnation in the
economies of the Warsaw Pact. As Gustafson (1990) explains, with specific regard for energy, the Soviet Union would treat the Warsaw Pact as a closed market. We see that price controls would extort resources from countries such as Kazakhstan to sell at inflated prices to others such as the German Democratic Republic (GDR), Lane (1985). Protests at the situation were stifled through the Brezhnev Doctrine as it had a precedent of military intervention. Overall we see that the doctrine itself was a manifestation of stagnation. It not only codified the use of military intervention but also forced the allied socialist states to follow the Party line from Moscow. We cannot blame the situation in the socialist satellite states solely on stagnation in the Soviet Union. But instead we must understand that stagnation had spread to the Soviet Union’s Foreign policy. To examine this fully we must now look at the wider international situation.

The political motivation behind global Soviet foreign policy is important to our overall understanding of political stagnation. At the beginning of Brezhnev’s era, the Soviet Union held considerable world influence. However, as Laver (1997) argues, the tensions of the Cold War were at dangerous levels. The actions taken to wield influence and reduce tensions would become a major factor of political stagnation. The policy of détente was to become synonymous with the foreign policy objectives of Brezhnev’s era. Détente aimed to reduce the tensions by directly engaging with the West. As the only other superpower, Pearson (2002) argues the Soviets could use its powerful military and economic influence to enact policies around the globe. From this position, Brezhnev’s regime embarked on a number of treaties aimed to calm international tensions. One such example is the Strategic Arms Limitation Talks, or Salt 1 held between the United States and the Soviet Union. Starting in April 1970, it reduced the number and type of strategic nuclear weapons
deployed by both sides. Furthermore, the Treaty of Moscow was signed between the Soviet Union and the Federal Republic of Germany in 1970. It recognised the existence of the GDR and formalised the post-war borders in Eastern Europe. However as Thomson (2003) argues, these results of Détente only serve to highlight the political stagnation that was taking hold. It is vital that we understand the political goals Détente was meant to achieve. With regards to the Treaty of Moscow, as Time (1970) highlights, it aimed to introduce another short term infusion of money into the Soviet Union through the opening up of new markets. But as Thompson states that; “the economic fruits of Détente were even more disappointing” (Thompson, 2003, p51). The deals made only served to fill the gaps in domestic production not remedy them. Furthermore, the military parity with the west was still maintained after Salt. But as Maddock (1988) argues, the West still maintained technical superiority over the Soviet Union. We see that the motivations for Détente became an extension of domestic political ambitions. Therefore, as Valenta & Potter (1984) argue, they became a reflection of political stagnation. Détente aimed to achieve short term successes to maintain the status quo. But this revealed the crippling effect maintaining security and stability would have. For the Soviets, the failure to utilise its influence on the world stage would instead propagate political stagnation. But we must look closer at international events, to understand if this truly was political stagnation or simply ineptitude.

We must take into consideration the effect superpower status was to have on Soviet political policy. For the Soviet Union, its status as a superpower granted it world influence. But as Brada & Graves (1988) argues, this placed great strain on the socio-economic situation of the Soviet Union under Brezhnev. For the Soviets, as Canby (1981) argues, their military had bought influence their economy could not match. This became apparent in the
Angolan Civil War. Both the US and the Soviets had reason to influence the outcome of the resource rich nation; however Menon (1984) argues the increases in US funding were designed to prompt a level of spending that the Soviets could not maintain. Furthermore the economic disparity with foreign policy objectives became evident with the Invasion of Afghanistan in 1979. As Chaffetz (1980) explains, the Soviets were attempting before the war to extract economic benefits from Afghanistan. For the international community, the military intervention was viewed as unprovoked aggression and the end of détente. But as Gibbs (2006) argues, the Soviets had no choice to invade, given Afghanistan’s strategic importance as a buffer to the Middle East. In addition, the threat of radical Islam to the stability of the region in the aftermath of the Iranian Revolution placed the Soviets in a difficult situation. As Menon (1986) argues, the political actions of the Soviet Union were only designed to bring stability. But the responsibility of being a superpower forced the Party to make decisions that were detrimental to their domestic ambitions. This provides clear evidence of the scale of political stagnation. By their own admission the leadership had no ambition for war in Afghanistan but pressed ahead through a combination of dangerous precedent and expectation. Overall we see that the effects of international competition served to reinforce the political stagnation already evident. Such was the belief in the status quo that the leadership was ready to commit to conflicts across the globe at the detriment of the domestic situation.

To surmise, the political situation in the Soviet Union had many reasons for becoming stagnant. From the installation of Brezhnev the need for political reform was clear. With the population and the Party alienated, stability and security was a high priority to ensure the survival of the Soviet Union. However, the actions taken domestically and internationally
only served to propagate stagnation. At home, the Party needed to re-engage with the population to secure its hegemonic position. But the introduction of the social contract only served to buy time at the ignorance of the population. Instead, we see that the reform attempted within the party only served to breed mediocrity and stagnation. Innovation and ingenuity were ignored over stability and loyalty in a regime obsessed with the status quo. This obsession was to have ramifications for the Soviets aboard. The need for a strategic buffer in Europe was a justifiable concern. However the attitudes to the Warsaw Pact highlighted the lack of political understanding in Moscow. By repressing regimes such as Hungary and Czechoslovakia, the political leadership showed a dangerous misunderstanding of the benefits of social reform. This again became evident with the Invasion of Afghanistan in 1979. The motivations for stability in the region were clear but the failure to convince the world of this highlighted how far the political system had stalled. Ultimately we see that the Soviet Union had become a superpower after the Great Patriotic War. But the political leadership failed to grasp the domestic and international responsibilities it brought with it. In doing so the slide from ineptitude to stagnation became a matter of timing that found result in the Brezhnev Era.
Chapter 5, Deterioration or Stagnation

Throughout our analysis, we have referred to the decline of the Soviet system as stagnation. As coined by Gorbachev at the 27th Party Congress, it argues the Soviet Union was paralysed by political, economic and social failings. But the evidence so far points to stagnation in each individual section of Soviet life. We must now step back to judge if total stagnation occurred on a national scale. In looking directly at the economic data from the time, we can understand if the situation was a prolonged form of recession or inherent stagnation. Furthermore, we need to look at the social opinion of the time. We have already seen that society became pessimistic but we need to understand why it didn’t act once decline became evident. Finally we need to judge the political situation from its own priorities of stability and security. With this we need to ask if the achievement of these priorities makes a successful or stagnant government. Overall we can establish if the separate forms of stagnation evolved into a national problem.

The economic situation of the Soviet Union at first appears too complex to judge as stagnant. The economic data as seen in Fig.2 show that overall growth fell during Brezhnev’s era. However the table also shows the dramatic disparity between estimated figures. Gatrell & Lewis (1992) argue the discrepancies arise from the lack of academic research and freedom. But this holds two important consequences in itself for stagnation. Firstly, that the economy was intellectually stunted without the academic resources it needed for modernisation. Secondly, the failure to share information in the Soviet Union created a disjointed economy. Without access to any data, as Goldman (1971) argues, large scale economic consequences couldn’t be foreseen. The reaction to the 1973 Oil Crisis particularly highlights this effect. Gustafson explains; “The price of near-term success was long-term
imbalance. The gas industry must now spend more money to offset the side effects of the campaign” Gustafson (1990, p160). Overall, we must understand the tipping point of the economy from decline to stagnation. As Danilin (2002) argues, the initial decline arose from attempts at modernisation but the failing to address the systemic flaws of the economy pushed it to stagnation. However, the problems of the economy are a reflection of problems in wider society.

To understand the distinction between ineptitude and stagnation we must look carefully at the priorities of the Party. For Brezhnev, emphasis was placed firmly on stability and security. As Prostakov et al (1978) explains, the political situation was in turmoil at the beginning of Brezhnev’s leadership. The Party was at odds with itself let alone the wider population. It was faced with the dilemma that radical action could destabilise the entire country, but without it the situation could deteriorate itself. The solution as Cook (1992) explains was the introduction of a new social contract. However the long term outcome of this reform was stagnation. It indoctrinated the political leadership to maintain the status quo at all costs. Furthermore we see that as a culture of stability turned to stagnation it became increasingly difficult to change. As Fig.12 shows, the Party membership grew however Hough in Bialer & Gustafson (1982) argue very little change occurred in the Party leadership during the Brezhnev era. However, the vital distinction between political ineptitude and stagnation comes with the actions taken as decline set in. As Service (2009) explains, the decision to expand the more efficient private agriculture was delayed. The reasons relate to the fear of market reform and political hegemony. In short, the fact that the political leadership ignored what they knew to be the best action is clear evidence of
stagnation. The situation had grown to the point that inaction was as crippling as action but still the Party stood its ground.

However, it is important to understand the role of society as a cause of national stagnation instead of a symptom. At the beginning of the Brezhnev era Bushnell in Suny (2003) explains that the general mood of the population was optimistic. They associated the success of the military industrial complex as a sign of domestic benefits to come. With the focus on stability and security by Brezhnev, it appeared that their leaders had become more realistic. But as the economy slowed and the implementation of reform stopped the mood soon changed. However instead of acting to address these problems, a wave of pessimism descended on the population. McCauley (1981) argues that the ability for self-help existed, particularly in the construction industry. Public housing investment declined but private associations were encouraged. But the desire to help the system evaporated quickly. Kenez (1999) argues that open dissent was rare for two reasons, the first being the efficiency of state security. The second being, that the level of feelings were not high enough to upset the balance in society. Society as a whole relaxed into its situation. As Fig.9 shows, wages were drastically different to western norms, with manual labour paid more than academic work. However the situation remained as such for the whole of Brezhnev’s tenure. We must understand that the inaction of society itself to change provides evidence of stagnation. Ultimately, social tensions did exist but that they carried on for so long within the system became more than just a symptom of stagnation.

To surmise, we see that the situation in the Soviet Union cannot be seen as a prolonged decline. Instead we must understand that stagnation occurred across all spectrums of the country. From an economic standpoint it is initially difficult to see a clear picture of the
problem given the discrepancies in the data. However all points do agree that a slowdown of growth occurred. But the evidence of stagnation comes not from the outcome but the action. The failings within the economy were long term, but the faith in short term solutions would develop into stagnation. However the failure to solve this lies within the political spectrum. The social contract bought time for reform but the scale needed was not achieved. Instead once the system provided stability, the Party elite saw more benefit in prolonging the situation. But we cannot ignore the role of the wider society in causing stagnation. Initially it appears that social stagnation is simply a result of the political and economic failings. But both these spectrums become a wider reflection of the public mood. As alcoholism grew and productivity declined it becomes clear that long term rot had become manifest in society. As such, the evidence points far beyond a short term decline across the Soviet Union. Ultimately we must understand that the scale of decline can be seen as nothing else but stagnation.
Conclusion

In conclusion, we see that the causes of stagnation cannot be placed on one single factor. Instead we see that the decline across the entire Soviet Union combined together. By focusing our analysis on the three core areas of the Soviet Union we see how this happened. The economy provided the Soviet Union with the strength to become a superpower. But by the time of Brezhnev, it had exhausted its capacity for expansion. A multifaceted approach to reform was taken, hoping to motivate all parts of the economy to modernise and intensify. But from central planning at the top to the workers at the bottom, neither the full resources nor attention was given to achieve this ambition. With a stunted approach to reform, the systemic inevitable deterioration of the economy set in. However, the motivation for economic reform was to be found in the aspirations of Soviet society. Diversity and hope typified Soviet society at the start of Brezhnev’s leadership. The introduction of the social contract was meant to build upon this mood and deliver the increased standard of living the population expected. However fundamentally it tried to achieve this by removing risk and insecurity from people’s lives. For the wider population, they saw no penalty in failure as the state guaranteed a minimum level of survival. When the economy failed to raise the standard of living, the population descended into myopathy and cynicism. But this situation could only be prolonged by the political leadership of the time. The removal of fear transformed paradoxically into a fear of reform. The party failed to act when it had time, evident in the delays in agricultural policy or the reaction to global economic conditions. As deterioration took hold, the Party clung to the ideas of the past exercising foreign policy regardless of the consequences. From Hungary and Czechoslovakia to Afghanistan and Angola, the Party was forced to react by its own failure to act first. We see the foundation for this within the guiding ideology of Developed Socialism. However, its
core ambitions of stability and security were produced by leaders that didn’t understand what forms of security and stability were needed. Overall we see that the Soviet Union had reached the highs of a superpower and thought it could maintain it through ensuring the status quo. Instead, the failure to embrace progress and reform would become the fundamental cause of stagnation across the entire Soviet Union. As Gorbachev himself said to the nation “Stop for an instant, as they say, and you fall behind a mile” Gorbachev (1986, p6)
### Fig. 1

#### HOUSING INVESTMENT, BY CATEGORY OF INVESTOR
(billions of rubles, in 1965 prices)

<table>
<thead>
<tr>
<th>Year</th>
<th>State Enterprises and Agencies</th>
<th>Individuals and Collective Farms*</th>
<th>Housing Cooperatives*</th>
</tr>
</thead>
<tbody>
<tr>
<td>1950</td>
<td>1.3</td>
<td>.7</td>
<td>n.a.†</td>
</tr>
<tr>
<td>1960</td>
<td>5.5</td>
<td>2.7</td>
<td>n.a.†</td>
</tr>
<tr>
<td>1965</td>
<td>5.8</td>
<td>1.8</td>
<td>.5 §</td>
</tr>
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*Includes mortgages from state banking institutions.
†Was probably negligible.
‡Assumes that state mortgages for 1965 represented 60 percent of total investment; figure for state enterprises and agencies reduced accordingly.


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*Housing Investment, by Category of Investor*

**Fig. 2**

SOVIET NATIONAL INCOME GROWTH, 1928-1987: ALTERNATIVE ESTIMATES (CHANGE OVER PERIOD, % PER YEAR)

<table>
<thead>
<tr>
<th>Year</th>
<th>Source</th>
<th>TsSU</th>
<th>CIA; Moorsteen &amp; Powell</th>
<th>Khanin</th>
</tr>
</thead>
<tbody>
<tr>
<td>1928-40</td>
<td></td>
<td>13.9</td>
<td>6.1</td>
<td>3.2(a)</td>
</tr>
<tr>
<td>1940-50</td>
<td></td>
<td>4.8</td>
<td>2.0</td>
<td>1.6 (b)</td>
</tr>
<tr>
<td>1928-50</td>
<td></td>
<td>10.1</td>
<td>4.2</td>
<td>2.5</td>
</tr>
<tr>
<td>1950-60</td>
<td></td>
<td>10.2</td>
<td>5.2</td>
<td>7.2</td>
</tr>
<tr>
<td>1960-65</td>
<td></td>
<td>6.5</td>
<td>4.8</td>
<td>4.4</td>
</tr>
<tr>
<td>1965-70</td>
<td></td>
<td>7.7</td>
<td>4.9</td>
<td>4.1</td>
</tr>
<tr>
<td>1970-75</td>
<td></td>
<td>5.7</td>
<td>3.0</td>
<td>3.2</td>
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<tr>
<td>1975-80</td>
<td></td>
<td>4.2</td>
<td>1.9</td>
<td>1.0</td>
</tr>
<tr>
<td>1980-1985</td>
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<td>3.5</td>
<td>1.8</td>
<td>0.6</td>
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<td>1985-1987</td>
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<td>1950-87</td>
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<td>1928-87</td>
<td></td>
<td>7.9</td>
<td>3.9</td>
<td>3.3</td>
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Notes: (a) 1928-1941
     (b) 1941-50

Sources:
TsSU, Khanin: Net material product, calculated from Khanin; 'Ekonomicheskii rost: alternativnaya otsenka', p. 85.
CIA: GNP, calculated from CIA, Measures of Soviet GNP,

**Exhibit 1. Output vs. planned targets in the U.S.S.R.**

<table>
<thead>
<tr>
<th>Commodity</th>
<th>Units</th>
<th>1970 actual</th>
<th>1975 projected (rate plan)</th>
<th>1975 projected (slower plan)</th>
<th>1975 actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electric power</td>
<td>Billions of kilowatt hours</td>
<td>327</td>
<td>900-1,000</td>
<td>830-850</td>
<td>740</td>
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<tr>
<td>Oil</td>
<td>Millions of tons</td>
<td>166</td>
<td>390</td>
<td>345-355</td>
<td>355</td>
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<td>Gas</td>
<td>Billions of cubic meters</td>
<td>91</td>
<td>310-325</td>
<td>225-220</td>
<td>200</td>
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<td>Coal</td>
<td>Millions of tons</td>
<td>540</td>
<td>686-700</td>
<td>661-675</td>
<td>614</td>
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<tr>
<td>Steel</td>
<td>Millions of tons</td>
<td>71</td>
<td>145</td>
<td>124-129</td>
<td>116</td>
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<td>Mineral fertilizers</td>
<td>Millions of tons</td>
<td>14</td>
<td>77</td>
<td>63-64</td>
<td>55</td>
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<td>Plastics</td>
<td>Thousands of tons</td>
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<td>1,300</td>
<td>2,100-3,300</td>
<td>1,672</td>
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<tr>
<td>Chemical fibers</td>
<td>Thousands of tons</td>
<td>350</td>
<td>1,350</td>
<td>780-830</td>
<td>621</td>
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<tr>
<td>Cement</td>
<td>Millions of tons</td>
<td>53</td>
<td>122</td>
<td>101</td>
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<tr>
<td>Automobiles</td>
<td>Thousands</td>
<td>440</td>
<td>*</td>
<td>700-800</td>
<td>344</td>
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* Figure not available.

Source: Based on a table prepared by Keith Barks for Radio Liberty, and 

### Table I.

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<td>578.9*</td>
<td>1.63</td>
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**Sources:**
- b. [Historical Tables of the United States Government, FY 1986, and (4).](#)
- c. Calculated from [17].
- d. From Table II.

Soviet Defence Spending; High and Low estimates in Roubles

Table compiled from Data in Fig.4
Table compiled from Data in Fig.4
Fig.7

Soviet Growth Factor in percentage by Year

Table compiled from Data in Fig.4
Fig. 8

Table compiled from Data in Fig.4
Fig. 9

Figure 3.1 Index of wage differentials between manual workers, office workers and non-manual technical employees in the USSR, 1932–1986

Table 2-1
EARNINGS AND “SOCIAL-WAGE” BENEFITS OF
SOVIET WORKERS AND EMPLOYEES*
(in post-1960 rubles)†

<table>
<thead>
<tr>
<th>Year</th>
<th>(1) Average Monthly Earnings per Worker</th>
<th>(2) Legal Minimum Wage‡</th>
<th>(3) Average Monthly “Social Wage” Benefits per Worker§</th>
<th>(4) (3) As a Percent of (1)</th>
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<td>33.0</td>
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<td>27 to 35</td>
<td>27.6</td>
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<td>40 to 70</td>
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<td>112.5</td>
<td>60 to 70</td>
<td>38.5</td>
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</table>

*Does not include collective farmers.
†One post-1960 ruble = $1.11 at the official Soviet-determined exchange rate.
‡There are different minimum wage levels for different categories of workers and employees.
§Because public health benefits and—since 1965—state pensions are accorded to collective farmers, who do not fall under the category “workers and employees,” the figures here are somewhat inflated.

Source: Narodnoye khozyaistvo SSR, 1965, p. 567; Pravda, January 25, 1968 and January 26, 1969. Columns (3) and (4) are computed.

**Fig. 12**

**The Social composition of the CPSU, In millions**

<table>
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<tr>
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<td>7.9</td>
</tr>
</tbody>
</table>

| Total                         | 12.4 | 14.4 | 15.6 | 17.5 | 18.1 |

References

Journals
“Ten Years Of Twilight The legacy of invasion is cynicism and stagnation.” (1978). Time, 112(9), p26


**Books**


Lane, David (1985) “Soviet Economy & Society” Great Britain, Basil Blackwell p69,70


