

# STAGNATION PERIOD

# review

- ▣ What do you remember about soviet union history in 1970es?
- ▣ Who was Brezhnev?

# What is it?

- ▣ Stagnation
- ▣ A period of conserved economical and social life
- ▣ USSR in the world – Sino-Soviet split, Prague spring of 1968
- ▣ Growth of oil prices was steady throughout '70es

# Developed socialism

- ▣ Disagreements inside communist camp led for USSR to choose a road to conserve current ideology
- ▣ No critics of current regime were allowed
- ▣ No developments inside country were taken
- ▣ USSR reached a goal of developing fully into Socialism

# Compare and contrast

## USSR

- ▣ Ideology
- ▣ \_\_\_\_\_
- ▣ Economical condition
- ▣ \_\_\_\_\_
- ▣ Social life
- ▣ \_\_\_\_\_

## PRC

- ▣ Ideology
- ▣ \_\_\_\_\_
- ▣ Economical condition
- ▣ \_\_\_\_\_
- ▣ Social life
- ▣ \_\_\_\_\_

# USSR economy in '70es

- ▣ MIR space station
- ▣ Baikal Amur Mainlane
- ▣ Moon rocket
- ▣ BURAN space  
-shuttle
- ▣ TU 144 supersonic jet
- ▣ Weak light industry
- ▣ Consumer deficit
- ▣ Agricultural decline

# Whom economy serve

SIMPLE PEOPLE

Light industry

Consumer goods

Housing

COUNTRY'S IMAGE

Military production (better  
subs, missiles, arms)

Oil (to sell abroad)

Help to other countries of  
socialist block

WHILE 8<sup>TH</sup> AND 9<sup>TH</sup> 5-YEAR PLAN FOCUSED ON IMPROVING  
EVERYDAY LIFE OF SIMPLE CITIZEN BY FOCUSING ON  
GROUP II PRODUCTION, 10<sup>TH</sup> PLAN (1975-1980) CHANGED  
DIRECTION TO SUPERIORITY OF HEAVY INDUSTRY AND OIL  
AND GAS PRODUCTION

# Black Market

- During 1970es wages and salaries were growing steadily
- This born a demand for consumer goods, one that was hard to solve only through official channels
- “Everything’s common – everything’s mine” in order to get what they want people started to sell the surplus of their enterprises unofficially
  - black market
- Simple citizens wanted to share luxury lifestyle they saw in rare western movies or during abroad trips to western bloc countries

# Agriculture

- The bigger the better – Brezhnev continued Khrushchev's policy on enlargement of collective farms □ lack of involvement on average level
- Private plots (dachas) were increased to  $\frac{1}{2}$  hectar (6sotok)
- HOWEVER gross agriculture product grew by 21% in 1970es, USSR even imported cereals to other country like Argentina
- YET attempts to reform kolkhozes failed. Biggest problem – lack of small machinery for small farms, lack of good roads, inadequate

# Social stagnation

- Despite economical stagnation standards of living improved throughout 1970es
- As there were no unemployment many unskilled workers were treated almost same way as brilliant one □ no benefit system
- Work-shy atmosphere
- The higher the rank the more perks you got
- Inability to gain fair promotion

# Social life

- ▣ Domestic income grew 150% in 15year
- ▣ People were able to buy cars, dachas, fridges, washers etc
- ▣ Rapid growth of residential housing (1.6 bln m2 for 15 years)

# Country of developed socialism

Wealth of soviet family grew

Refrigerators - 32 % in the early 1970s - 86 % by late 1980s

Color TVs- 51 % in the early 1970s to 74 % in the 1980s

BUT

Poor health system

Uneven salary matrix (worker got more then servicemen or teachers)

# Reasons for success

- ▣ Arab-Israeli conflicts caused a tremendous growth of oil prices (1973-1977) (below \$20 in 1971 to over \$100 in 1980)[2008 \$ rate]
- ▣ In 1974 oil prices grew 400% in 3 months

# TNSTAAFL

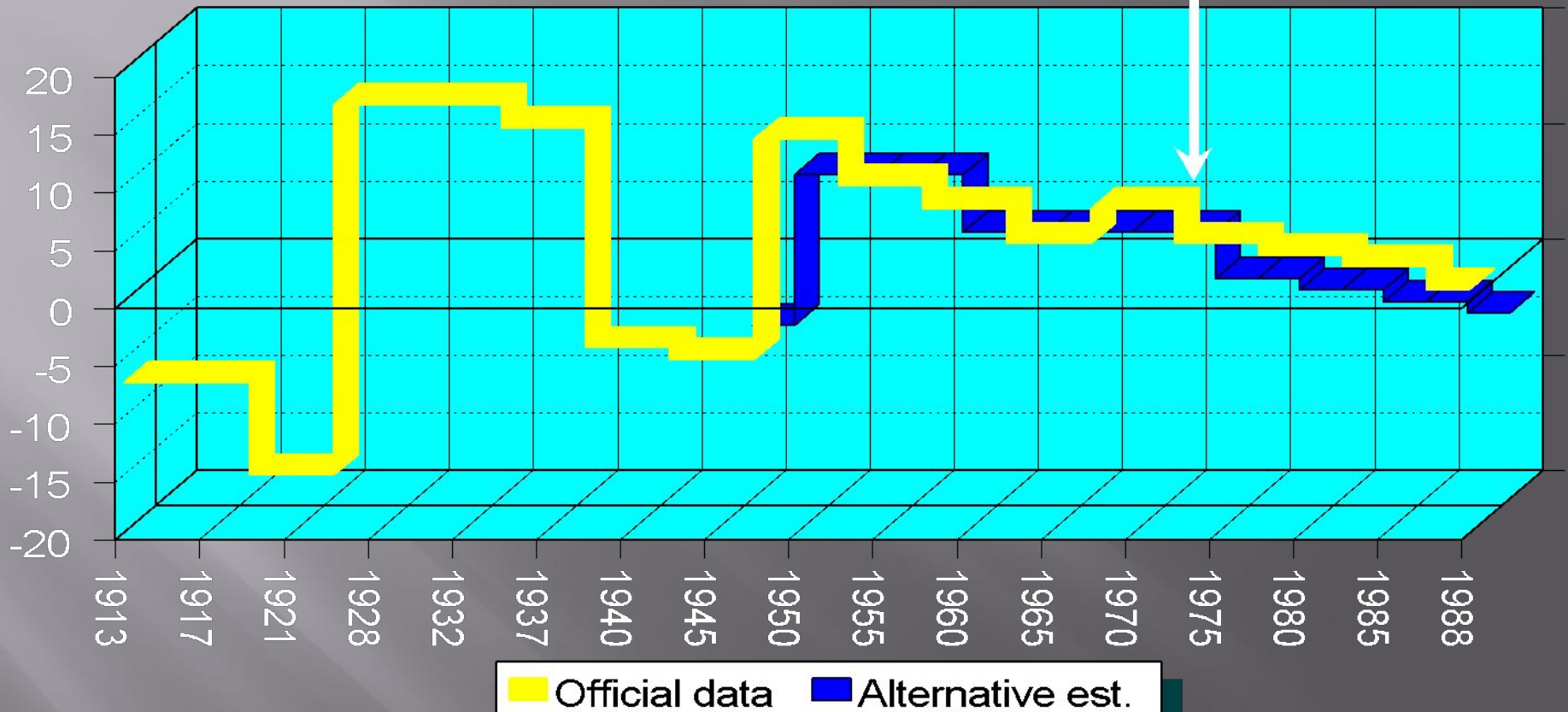
- ▣ Soviet economy jumped onto oil needle reluctantly
- ▣ Surplus was used to improve country image and to fasten arm race
- ▣ Agriculture was weak and USSR became big importer of grain

# STOP RIGHT THERE!!!!

- ▣ Surplus money weren't used for economy recovery and growth, rather for keeping status quo
- ▣ No development in culture
- ▣ Different- thinking not allowed

# GDP Growth of the USSR

Percent Growth



# GDP Growth of the USSR Era of Stagnation

