Economic weakness of the USSR

- Economic structure a mirror of political structure.
- Poor co-ordination between government departments
- Use of command economy
- Use of Gosplan which assumed what was needed and planned to produce it.
- Poor decision making –out of touch with reality of the economy they were supposed to run.
- Inaccurate statistics received causing an effect to the economy e.g. satellites made discoveries that the whole of Uzbekistan, apparently growing cotton filled were in fact uncultivated
- Command economy made sacred cows of the government plans.
- If Gosplan demanded 300 tractors were requested then 300 tractors were delivered. Even if they were not working. (this occurred under Brezhnev)
- Lack of competition and quality control
- Economy became very inflexible
- The entire mammon bureaucracy which ran the economy had a built-in interest in maintaining the status quo which would guarantee their posts.
- Workers had little incentives to work harder or produce better quality goods.
- 1945-1980 the SU was increasingly egalitarian –rich and poor much smaller– lower labour productivity than the US.
- Lack of modernisation-sufficient Machinery
- When Gorbachev became General Secretary the soviet union was in decline
- The Soviet Union had suffered due to the Arms Race with the US from 1945.
- Grigory Yavlinsky soviet economist stated ‘the soviet union is not working because the workers are not working.’
- Between 1965-85 the proportion of soviet gross domestic product (GDP) spent on defence increase from 12%-17% this was higher than the American defence spending.
- Soviet defences spending starved other areas of the economy of much needed funds
- Central planning controlled agriculture and affected the delivery of fertilisers and this had a huge impact on the crops.
- By the end of 1964 rule industrial growth had slowed down after Khrushchev.
- Under Khrushchev agriculture showed no progress.
- By 1982 stagnation was obvious under Brezhnev as he did not see any need for economic change.
- As the economy under Brezhnev became more complex and industrialized it became more difficult to centrally co-ordinate all the decisions.
- Andropov failed to bring relief to the economy.
- Under Brezhnev all citizens were employed but the government failed to discipline workers.
- Corruptions in the Brezhnev era lead to stagnation in the soviet economy.
- Economic structure of the Soviet Union was a mirror of the political structure.
- The communist party made decisions that only benefited the regime not the soviet people.
- Lack of small scale industry was virtually non-existence.