

Consider the ARMS RACE: in 1979 the Cold War was renewed (given the Soviet invasion of Afghanistan) – President Carter imposed economic sanctions and embargoes on the Soviet Union, followed by a boycott of the 1980 Moscow Olympic Games → the deterioration of the Soviet economy was accelerated.

1983: Reagan announces *STRATEGIC DEFENCE INITIATIVE (SDI)* → nuclear armament was again accelerated.

1980s: Soviet-provided material support to satellite states became too costly to maintain → made it clear that cheap exports of fuel and raw materials could not continue.

This alienated Eastern Europe → encouraged them to move towards the Western capitalist economic system.

1985: Vyacheslav Sychov (Sec-General of Comecon) contacted European Commission, suggested mutual diplomatic recognition

= JUNE 1988: Trade agreements set up with individual Comecon members, starting with Hungary → satellite states could make their own trade agreements (which contributed to the obsolescence, or datedness, of Comecon), meaning trade with the Soviet Union was less likely.

8. How did Gorbachev begin to change the approach of the Soviet Union towards foreign relations?

Gorbachev wanted Soviet diplomacy to have some positive contribution to the domestic development of the Soviet Union.

Previous leaders had focused on the shaping the USSR around the idea that it was the leader of global communism, without thinking of the costs of maintaining a strong military (a necessity in promoting such an objective). However, Gorbachev shifted away from this notion massively by linking Soviet domestic priorities with external relations → **PEACE NEEDED TO BE MAINTAINED!**

THE IMPORTANCE OF SOCIET ECONOMIC PROBLEMS

9. What economic problems was Gorbachev facing?

1The Soviet Union had only occasional and irregular periods of unsustained economic growth, usually due to exportation of oil.

1980s: These small growths were hindered in the 1980s due to the change in *OPEC (Organisation of Petroleum Exporting Countries)* policy which means the price of oil dropped. (Despite this, the Soviets did benefit and continue to benefit from armament exports)

1970s: The Soviets were dependent on foreign grain – the demand from Soviet cities rose as a result of population growth, and so, despite the increase in domestic grain production in the 80s, the Soviets could not meet demands.

Reagan did NOT impose embargoes, and Gorbachev encouraged foreign investment.

AFGHANISTAN: the war was costly in terms of both economics and society – the Soviets knew it was obvious they needed to withdraw.

10. What problems were caused by Gorbachev's attempts to reform the economy under perestroika?

SHORT TERM:

The public saw poor standards of living, whilst a small entrepreneurial class was benefitting. Most Soviet citizens were government employees, and as wages did not match inflation, necessities like food became very expensive and difficult to come by.