3 The Vicious Circle of Soviet Economic Problems

SOVIET ECONOMIC PROBLEMS

So far, the antagonistic nature of the social relations of production in the USSR have been presented and developed in a theoretical sense only. The concrete expression of these relationships produces a series of interconnected problems. Figure 3.1 attempts to describe these interrelationships and present them in a circular flow diagram. The unbroken lines in the figure represent the direct links between particular problems, whilst the broken lines are an attempt to identify the way in which the problems feed back into other areas. This form of presentation, even though it understates the complexity and linkages involved, is useful for purposes of exposition and provides a framework which will be utilised over the next two chapters to analyse these questions.

The central element of this analysis is the failure of the ruling group to achieve planned levels of economic growth, through the extraction of the socially produced surplus. This can be viewed as both the culmination of the process and its starting point from one time period to the next. The slow down in economic growth has to be located within the operation of the Soviet socio-economic system and cannot be attributed to external or historically specific factors. For example, commentators have sought to explain the decline of growth rates as a result of agricultural problems, demographic factors (this issue will be taken up more fully in Chapter 4), depletion of easily accessible natural resources, low elasticities of substitution of capital for labour and so on. Now, whilst it may be correct that these exogenous factors affect annual economic performance, they are unconvincing as explanations of the longer term trends with regard to economic growth. This section will present a summary of the empirical evidence regarding these problems, will trace some of the linkages in the figure and will show that the problems are phenomena that have been reproduced over time.

The recent experience of the Soviet economy has been characterised
ADDS TO APPARENT DEMOGRAPHIC PROBLEMS

ENTERPRISES INCREASE DEMANDS FOR LABOUR AND RESIST ATTEMPTS TO TIGHTEN LABOUR SUPPLY

PROBLEMS WITH QUALITY OF INPUTS AND LABOUR UNDERUTILISATION

Figure 3.1 The vicious circle of Soviet labour productivity problems