Phases of economic development are rarely synchronised with the personal regimes of political leaders. At the beginning, the Soviet economy under Brezhnev was little different from the economy under his predecessor Khrushchev. At the end, the economy under Brezhnev shaded into the economy under Andropov, then Chernenko. If there was a significant break in the pattern of development it came half-way through the Brezhnev years in the early or middle 1970s. We can say with some confidence that the economy that Brezhnev bequeathed to his successors was less dynamic than that which he and his prime minister Kosygin had taken over in 1964. In this chapter I will review the pattern of economic slowdown, its possible causes, and the measures taken to try to overcome it. I will conclude that the Soviet economy at the end of the Brezhnev years faced serious problems but was not yet a hopeless case.

**Benchmarks of economic performance (Figure 3.1)**

To gauge the performance of the economy under Brezhnev we need figures. Which should we use? The Soviet economy was intrinsically difficult to measure. One problem was that statistics were subordinated to economic management. Soviet production statistics, used at all levels as control variables and success indicators, provided a strong illustration of Goodhart’s law: when an indicator is used to control behaviour, behavioural responses will cause that indicator to become distorted. Another problem lay in the structural features of the command economy: excessive accumulation combined with pervasive limitations on the quality, variety and availability of commodities made the relationship between production possibilities and welfare outcomes everywhere uncertain.

One result was that the measurement of Soviet economic performance became an arena of East–West competition. What began as a private research initiative of Abram Bergson became a national project of the United States to reconstruct the Soviet national income and product accounts under the
Mark Harrison

As Figure 3.1 illustrates, the American figures for Soviet gross national product (GNP) per head showed Soviet performance in a much less favourable light than the official Soviet figures. The figures themselves are reported in Table 3.1. According to official estimates Soviet net material product in 1987 was 10.8 times the level of 1950, suggesting an annual average growth rate over the post-war period of 5.2 per cent, but the most recent estimates of the US Central Intelligence Agency showed the achieved level of the Soviet GNP in 1987 as only 5.8 times the 1950 level, based on growth of only 3.8 per cent annually.

The American figures commanded widespread respect, but never full acceptance. Eventually, in the years of Soviet perestroika and early Russian transition they were subjected to an intense assault. Critics charged Bergson and his successors on two counts; the charges were separate but related to the same offence. The first was that they relied on the measure of things, not utilities. The second was that they failed even in the measure of things, being excessively reliant on the flawed record of Soviet statistics. From a guilty verdict on both counts followed the judgement that, measuring things rather than utilities, and exaggerating the measure of things, the Americans had overvalued Soviet national income in terms of both level and growth. In short the American figures, although much less favourable than the official record, were still too high.

When it came to detail, it was noteworthy that growth rates evoked less real divergence than size comparisons. When impassioned critics computed

Figure 3.1 Soviet real national income, 1950–87: alternative estimates (per cent of 1950 on a logarithmic scale)

Sources: see Table 3.1.