

Stalin, the party frankly acknowledged the existence of many problems and energetically, if not always wisely, set about their solution. Later, exaggerated estimates of the progress achieved began to gather strength and found their expression in the new party programme adopted in 1961.

After Khrushchev, the concept of developed socialism as a relatively prolonged stage on the road to communism initially, at least, reflected a more realistic assessment of the position reached and the magnitude of the tasks ahead. In the course of time, however, this concept began to undergo gradual redefinition and interpretations became increasingly complacent and triumphalist. Andropov made clear his conviction that the USSR is still in the early stages of developed socialism and faces a long period during which it must be gradually improved. Communism has been deferred yet again. This theoretical issue has great practical significance: it makes

increasingly unfavourable downward trend, worsened by the poor return on the large-scale investment in the agricultural sector, and the need to develop the inhospitable northern and eastern regions in order to secure supplies of raw materials and fuel.

In these circumstances, inflationary pressures mounted. "Experiencing difficulties in attracting and keeping workers, factory managers were increasingly lax in their interpretation of the rules for wage and bonus payments, with the result that in some industries pay grew faster than labour productivity. With earnings outstripping the growth of output of consumer goods, savings accumulated and conditions were created fostering the expansion of the 'second economy' — the acquisition of goods and services 'on the side', 'under the counter' and through resort to bribery and corruption. The position was made worse by the apparent lack of energy and resolution on the part of the Brezhnev leadership, which was reluctant to acknowledge the extent to which all was not well.

On the economic front, the party under Andropov appears to have been pursuing a two-stage strategy. With the aim of improving short term economic performance and the general moral climate in the country, there has been a concerted drive for greater discipline at all levels and the rooting out of corruption and second economy activities. The necessity for a 'business-like' approach is now constantly stressed. Meanwhile, discussion on ways of improving the planning and management of the economy intensified with much more frank recognition of the seriousness of the problems to be tackled. Some practical measures were adopted, including an economic experiment in several industrial ministries, which began in January this year. With the aim of promoting 'socialist entrepreneurship' in the pursuit of higher productivity and greater efficiency, the obligatory planning indicators for the enterprise have been simplified and reduced in number, and the rewards for good performance (and penalties for failure) enhanced.

If successful, the main features of the experimental system will be generalised for the next five-year plan beginning in 1986. In 1983 the economy showed signs of real improvement: national income grew by just over 3% and industrial output by 4%. The consumer supply situation improved and the harvest was the best for a number of years. This positive trend has been maintained into 1984. In January industry grew by 5.2%, and 94% of the growth was



*Andropov*

## ANDROPOV'S 455 DAYS

Yuri Vladimirovich Andropov's occupancy of the post of general secretary of the Communist Party of the Soviet Union was the shortest by far of any Soviet leader. While his death at the age of 69 after several months of illness is too recent for a full assessment of his contribution, it cannot be disputed that there have been important developments in the Soviet Union since the death of Brezhnev.

What, specifically, changed under Andropov? First, there was the turn to greater realism. Of great significance here were his major political statements, 'The teaching of Karl Marx and some questions of building socialism in the USSR' and his speech at the June plenary meeting of the central committee on the new party programme. There are parallels with previous changes of leadership. After

possible a more frank acknowledgment of existing shortcomings and contradictions, and opens the way to their solution by means which otherwise could be considered retreats on the forward march to communism.

In the late 1970s and early 1980s the economic situation in the Soviet Union deteriorated. The decline in the rate of growth of national income experienced over many years became more marked, accentuated by a series of poor harvests. The labour supply situation worsened, in part for demographic reasons, but also as a consequence of the maintenance of an investment policy orientated towards the building of new enterprises, requiring additional labour, rather than the re-equipping of existing capacity. The output: capital ratio of the economy was showing an

achieved through higher productivity; for the latter, one of the best results ever achieved.

In his last political statement in December, Andropov indicated that wide-ranging discussion of measures to improve the performance of the economy should continue. While all economists seem to agree that more changes are needed if the economy is truly to shift to an intensive growth path, there is no consensus on what should be done. Ideas being promoted include the need for still greater enterprise autonomy, the dismantling of much of the traditional administered supply system, changes in the organisational structure of the economy to reduce the power of the industrial ministries and promote greater horizontal cooperation, and some extension of private activities, notably the service sector.

But it is clear that the essential features of the system of central planning are not in question. The term 'economic reform', implying the need for a radical transformation of the entire system of economic management, with potential political implications, has not been used. Despite speculation in the Western press, there is no evidence that the Soviet Union is considering the adoption of a Hungarian-type economic reform. (Indeed, it is highly debatable whether such a reform is at all appropriate to the very different circumstances of the Soviet economy). Meanwhile, there have been signs of the party leadership's growing impatience with the economists for their apparent inability to come up with practical solutions and, significantly, one of the first post-Andropov measures has been the adoption of a central committee resolution sharply critical of the Academy of Science's Institute of Economics.

Another development of potential importance has been the process of renewal of personnel at all levels following an unprecedentedly long period of cadre stability. Not only have new faces appeared in the politburo and secretariat, but quite a substantial number of ministers and regional party heads have been replaced, in the main by men (no new women in leading posts) in their fifties. Restarting has also affected the central committee apparatus: significant changes include the formation of a strengthened economic department under Ryzhkov(54), an experienced former enterprise director and planning official, and the replacement as head of the Science and Education Department of S P Trapeznikov(72), a long time associate of Brezhnev, by V A Medvedev(55), an

economist and previously rector of the party's Academy of Social Sciences. The process is likely to continue in so far as there are still many leading party and government officials in their seventies; one minister of a strategically important industry is now 85. Other positive changes included the regular publication of summary accounts of the weekly politburo deliberations, the initiation of moves towards the clearer demarcation of the spheres of competence of party and state bodies, the enhancement of the role and rights of work brigades and collectives, representing some extension of shopfloor involvement in management, and the non-appearance of a cult of personality of Andropov himself, in significant contrast to the late Brezhnev period.

The appointment of Andropov offered real opportunities for improving the international climate. Reagan, Thatcher and other NATO leaders blew them away in a gale of vituperative rhetoric. The spiralling arms race has taken another turn, the hands of the clock have edged closer to midnight and the Soviet leadership may now believe that it has no choice but to further strengthen the country's military might. The CIA and NATO now acknowledge that since 1976 the rate of expansion of Soviet defence expenditure has been half that originally estimated; it declined more or less in step with the falling rate of growth of national income.

To the extent that defence expenditure is now increased, the task of improving the performance of the economy and raising living standards will be made more difficult. But despite its current problems, the Soviet economy still has substantial underlying strengths and reserves, and any calculation that it can be pushed into crisis through external pressure is profoundly mistaken. On the contrary, historical experience suggests that such pressure will serve to intensify the resolve and energy with which internal problems are tackled.

Soviet leaders now refer guardedly to the 'difficulties' of the late 1970s and early 1980s. It is to Andropov's credit that in his brief period of office the drift of Soviet society was halted and a sense of forward movement restored. The Soviet people will expect his successor to continue on the same path.

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