

The Prevailing Forms of Crisis in Soviet-Type Economies

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The long term tendency of a decline in growth that appeared during the beginning of the sixties, revealed itself very openly in the middle of the seventies, and ended by emerging as a genuine economic crisis in the beginning of the eighties.¹ Apart from the extreme cases of Poland (with its acute social crisis) and Romania, the whole region is confronted by obvious economic difficulties reflected in converging statistical trends (Fig. Nos. 1 to 3 and Table 1).² Years of successive bad harvests in agriculture, have created shortages of foodstuffs at times or have led to rationing measures as in Poland, USSR and Romania. Industrial growth declined appreciably, while productivity decreased in all the countries. Despite statistical underestimation of effective price increases, an open inflation appeared in the official retail price index of all the countries since 1976, apart from Poland and Hungary, where it had been a phenomenon of long standing. Inflation equally in the "second economy", whose dimensions have increased rapidly of late. The standard of living, which had been assured of a relatively regular increase until then, tends to stagnate when it is not actually on a decline. Simultaneously, we observe since the opening to the West some ten years ago, a growing debt in convertible currency. With the exception of the Soviet Union, the reaction of the authorities to difficulties in foreign trade have resulted in a reduction of imports, a decline in investments, and sometimes a reduction in consumption. "Socialist stagflation" was met by policies aiming towards stabilisation and austerity. Could we not witness the person responsible for the "Wharton Econometric Forecasting Ass." congratulate the East European States — Poland aside — for their "draconian deflationist policies" (Fabra 1983)? Plans for the present quinquennium 1981-1985, (apart from the GDR), anticipate an even slower growth than that realised between 1976-1980, but only Bulgaria will perhaps be able to achieve the objective — the lapse of the first two years, has everywhere been proof of poor results when compared to the expectations of the five year plan (UN 1983). Short of a spectacular but highly improbable reversal in the domain of economic efficiency, the eighties are likely to be marked by a particularly reduced growth.