Reforming the Soviet Economy

Equality versus Efficiency

THE BROOKINGS INSTITUTION Washington, D.C.

Contents

1.	The Analytical Framework Strengths and Weaknesses of Analysis by an Outside Observer 4	1
_	The Concept of Economic Reform 10 Stages of Economic Reform 20	
2.	Soviet Economic Performance: Strengths and Weaknesses	31
	On the Need for a Balanced Picture 33 Assessing Soviet Economic Performance 34 Soviet Economic Performance: Strengths 37 Soviet Economic Performance: Weaknesses 50 The Economic Reform Problem 92	
3.	The Soviet Economic System As It Is Designed to Operate	94
	Formal versus De Facto Systems, and the Logic of Both 96 The Formal System 101 The Formal System in Action 147	
4.	The Soviet Economic System As It Actually Operates Comparison between the Formal and De Facto Systems 153 The Decisionmaking Hierarchy 161 The Information System 182 The Incentive System 197 The De Facto System in Action 211	153
5.	Kruschchev to Brezhnev: Previous Efforts at Economic Reform The Sovnarkhoz Reforms 223 The 1965 Reforms 227	221

	The July 1979 Decree 250 Common Elements in the History of Reforms 255	
6.	Setting the Stage for Gorbachev: Andropov, Chernenko, and the Debates Andropov and the Economy 258 Chernenko's Year 273 Debates on the Economic System 274	257
7.	The Gorbachev Reforms Gorbachev's Goals for the Economy 306 Overview of Gorbachev's Economic Strategy 309 The Pre-Reform Stage 310 Economic Reforms 322 The Reforms of 1985–86 and their Relationship to the Osnovnye Polozheniia 333 Guideposts to the Future 348	303
8.	The USSR on the Eve of the Twenty-first Century Measuring the Impact of Gorbachev's Economic Strategy 367 Measures of Qualitative Change 370 Alternative Scenarios for the Gorbachev Reforms 373 The West and the Reform Process 379 The USSR in the Twenty-first Century 390	365
	Index	393

į