

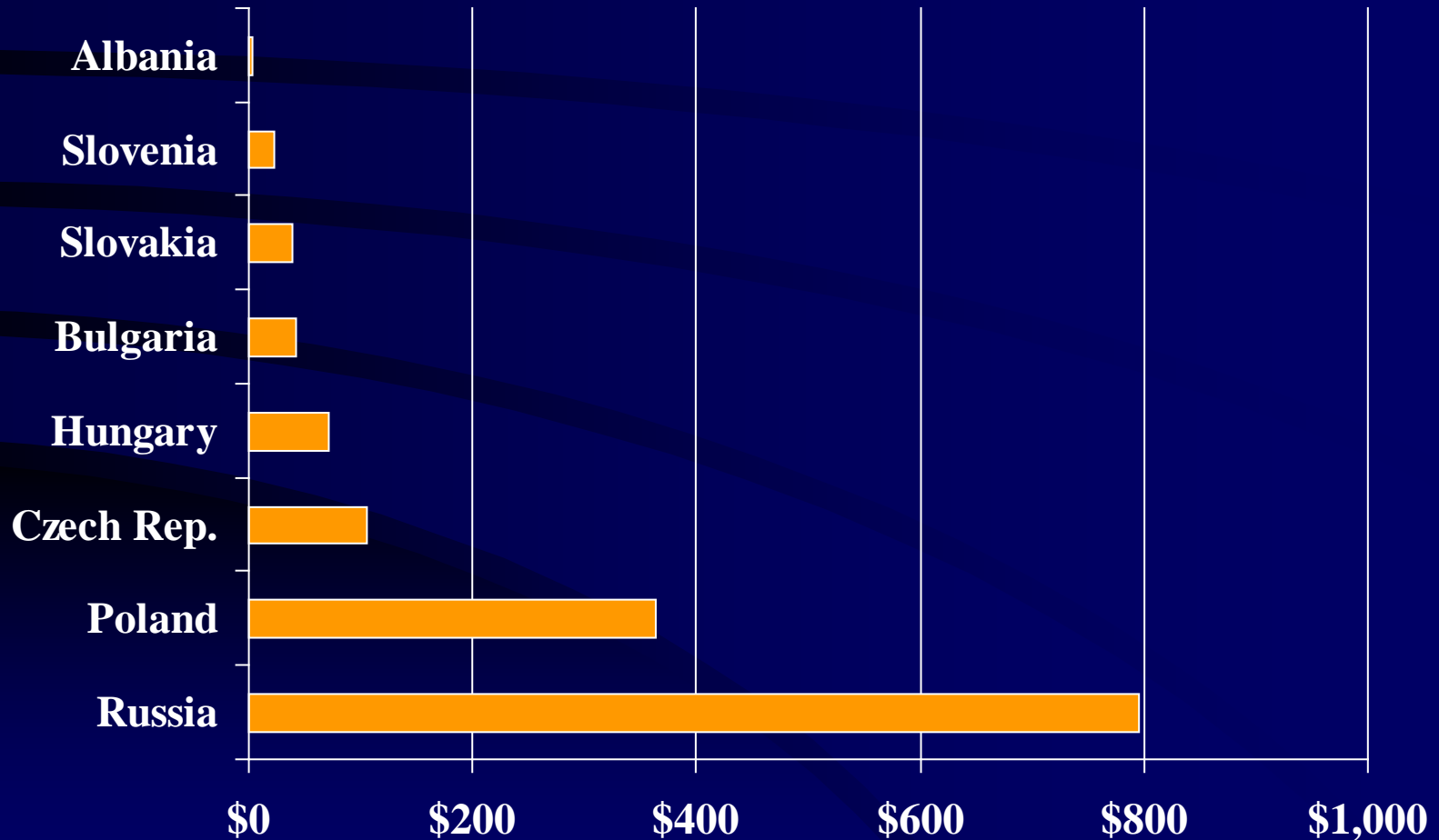
# Y376 International Political Economy

October 27, 2009

# Commonwealth of Independent States - European States



# Comparative Economic Sizes, in Current Billions of Dollars, 1995



# Key Issues

- Why did the Cold War end?
- What were the different political and economic strategies being pursued by the transition economies?
- How successful were these strategies?
- What general lessons can be learned from the above?

# The End of the Cold War

- The desire to end Stalinist oppression
- Inability to keep up with the United States and Western Europe economically and technologically
- Errors of judgment on the part of Soviet leaders, e.g.,
  - [Chernobyl](#)
  - [Afghanistan](#)

# Dissidents

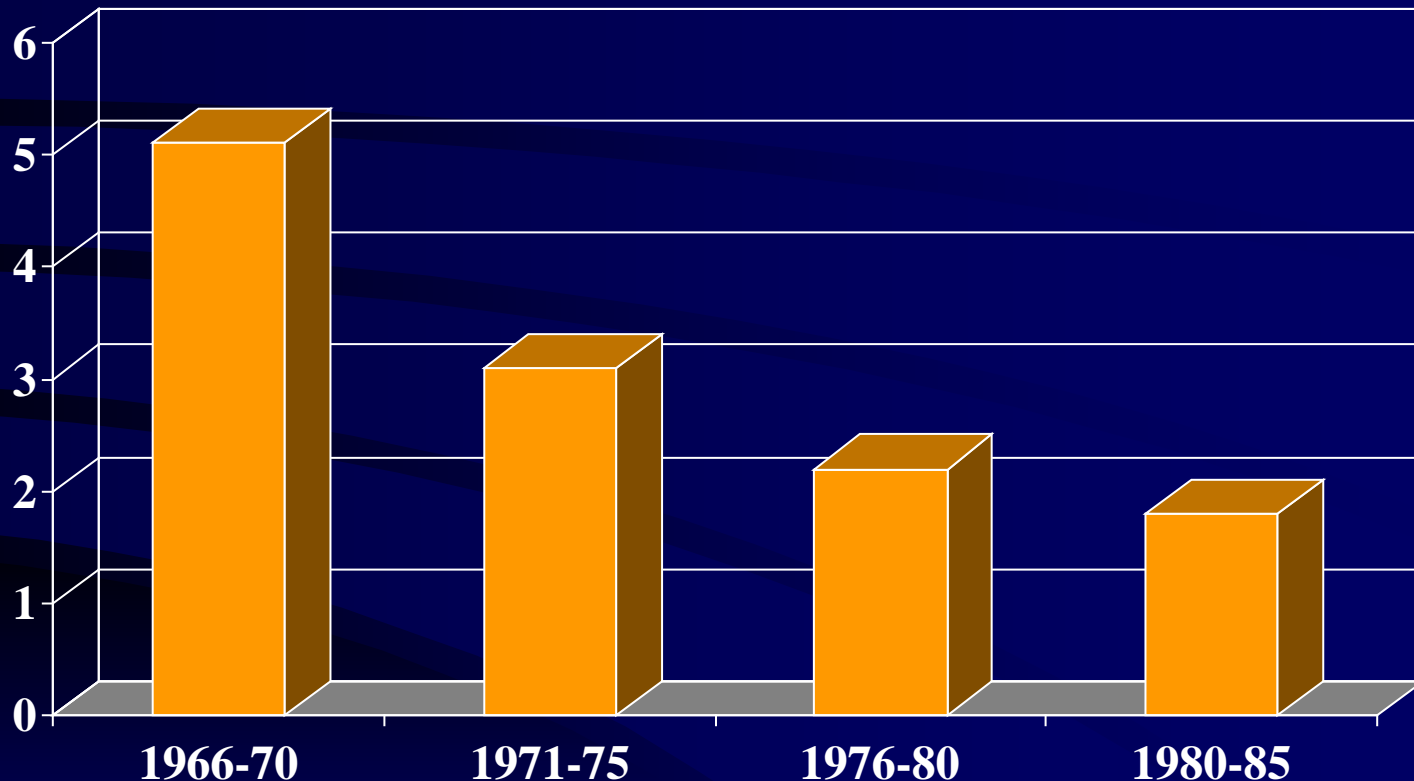


- Andrei Sakharov
- Nuclear Physicist
- Father of Soviet hydrogen bomb
- Human Rights advocate

# Main Problems of Centrally Planned Economies in the 1980s

- Low growth rates
- Low productivity growth rates
- Slow diffusion of new technologies
- Consumer shortages
- Foreign currency shortages
- Declining purchasing power of exports

## Figure 10-2. Average Annual Growth in Real GNP in the Soviet Union and Eastern Europe, 1961-1985



Source: Central Intelligence Agency, *Handbook of Economic Statistics 1988* (Washington, D.C.: U.S. Government Printing Office, 1988), p. 33.

# Slow Technology Diffusion



Stalin with a Zil Automobile