

# To what extent was there a systemic crisis in eastern europe during the 1980's

[History](#)



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There was not one issue affecting Eastern Europe to suggest that there was 'a systemic crisis' during the 1980's, but rather a series of broad systemic crises affecting Eastern Europe. These crises had different effects in different countries and each problem had a different role to play in the collapse of communism in Eastern Europe. The most major of these problems was the economic crisis that had severely affected every economy in Eastern Europe.

The late 1980's saw the emergence of new leaders and organisations in countries that ran counter to the communist hegemony and these groups were able to gain the people's support or influence their opinions. They criticised the regime for the poor economic situation and the lack of pluralism because, to this generation the communist ideology had lost its legitimacy to govern unopposed. The people of Eastern Europe increasingly learnt of life in the West as more information seeped in. The people also experienced Western culture via the booming black market in Western consumer goods being run under the help of corrupt officials.

The reforms of Gorbachev in the late 1980's were also a major factor in why the crisis in Eastern Europe came to a head at the time that it did, this has to be considered when answering the question. The Communist system offered eastern European citizens many benefits, e. g. guaranteed employment, subsidised prices for both food and shelter, free education including university and universal health care. Few in the East wanted to give up such safeguards, although in some countries (Yugoslavia and Hungary) experiments in market socialism had already undermined job security, while budgetary deficits threatened the social benefits.

Declining rates of growth and technological stagnation led to a loss of confidence in central planning and eventually to massive protests against communist rule. Policy-makers debated whether economic decentralisation and western-style markets might solve the problems of Eastern Europe. Although the debate was not entirely new (it echoed discussions of the market socialism in the 60's) and although reform meant different things to different people, many seemed to conclude the East could catch up by adapting to the ways of the West.

One area in particular the East couldn't match the West on was that they could not compete in supplying the consumer sector and in providing a variety of foodstuffs, adequate housing and many everyday goods needed to raise the standard of living. There were shortages of just about everything, while Eastern technology was relatively backward compared to the West. Industrial pollution was rampant, thus undermining the health of the population and negating many of the benefits of universal health care. Productivity problems were endemic in the bureaucratically controlled, centrally planned economies of Eastern Europe.

Many economic planners favoured reform, industrial, commercial and agricultural enterprises were still burdened by an entrenched managerial elite more interested in protecting themselves than in risking innovation. The rapid advance of technology in Japan, Western Europe and the USA exacerbated the differences between East and West. The Eastern bloc was simply unable to equal the technological virtuosity of the West, with serious

implications not only for the living standards of its own people but for the competitiveness of Eastern bloc products in world markets.

They often lacked the infrastructure to support the latest innovations. This backwardness exacted heavy costs in productivity. Perhaps the best known cases were in the agricultural sector, where crops sometimes lay rotting in the fields because of shortages of equipment and fuel, unpaved and sometimes impassable country roads and inadequate storage and processing facilities. Now we'll look into the financial situation in a few of the countries in Eastern Europe. Poland's economic policy from the 1970's onwards was industrial development financed by borrowing from the West.

Continuing growth was to be driven by industry, supposedly rejuvenated and reoriented to the export market. This transformation was supposed to be brought through new high-tech technology, principally by new imported machinery to boost industrial productivity. The imports were to be financed by foreign loans. By the early 1980's economic growth had gone catastrophically into reverse. The allocation of investment had remained a highly centralised process, subject to bureaucratic interests and distortions, and with a heavy bias towards heavy industry.

The failure of the Polish bureaucracy had been compounded by developments in the world economy, as global recession from 1974 shrank export markets. There were serious balance of payment problems and increasing shortages of consumer goods. Debt to the West stood at \$39.2 billion in 1987. The Polish regime faced increasing domestic pressure to divert foreign loans into subsidies designed to maintain living standards.

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Czechoslovakia was the most developed and the only industrial country in Eastern Europe.

The country continued to industrialise through the 1970's and the standard of living of their citizens was higher than in any other Eastern European nation. Czechoslovakian citizens owned more consumer goods than citizens of any other Eastern bloc nation, but this relative consumer affluence had only been achieved by ruthless exploitation of the country's natural resources, with little thought to the long term consequences, not least environmental costs<sup>2</sup>. But the Czechoslovakian economy was not immune to the same systemic problems that troubled other Eastern European economies.

The technology being used and being developed was backward compared to the West. The structure of the economy led to massive amounts of waste and a huge increase in industrial pollution. The morale of the workers was low, resulting in a fall of productivity and a fall in the quality of goods produced. There were little if none, in the way of incentives for the workers to strive for. In the late 1980's, the USSR decided to stop providing cheap Soviet subsidised energy to Eastern Europe because of its own economic problems.

This deepened the structural problems of not only the Czechoslovak economy, but of every country in the Soviet bloc. This was because virtually every economy in Eastern Europe was based on heavy industry that relied upon coal, oil, diesel etc that was provided to them on a subsidised basis by the USSR<sup>3</sup>. Limited resources were being invested in restructuring Czechoslovakia's outmoded industrial base. By the second half of the 1980's,

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Czechoslovakia had begun to borrow abroad, not as heavily as Poland and Hungary, but with increasing urgency as trade within the Eastern bloc became more stagnate.

A limited version of Gorbachev's 'perestroika', notably featuring the increased devolution of managerial powers, was attempted from 1987. There was however no accompanying Czechoslovak version of 'glasnost'. Structural problems with the Bulgarian economy had become increasingly apparent from the mid 1970's. Investment had been misdirected into industrial white elephants. In the rush for growth, safety and the environment had been all but disregarded and the consequent pollution and damage to health was acute. Much of its industry relied on artificially cheap raw materials imported from the USSR.

Growth rates slowed and financial crisis loomed. Rather than restructure the Bulgarian economy, the regime from the mid 1980's had begun to borrow heavily from foreign banks in an attempt to finance recovery. The economy, just like that of Poland, failed to respond and by the end of the decade Bulgaria, like many of its Eastern European allies, was saddled with a crushing burden of foreign debt which it could not afford to service let alone repay. By 1989, as the economic situation deteriorated and the regimes popularity waned, the Bulgarian leadership resorted to blatant chauvinist tactics to rally support.

Most of these policies were aimed against the Turkish minority. The quality of the leadership of the relative Communist parties across Eastern Europe and the people chosen to run the economy were at fault for many of the

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problems that Eastern European economies found themselves in by the late 1980's. Unrealistic production targets were created and managers were under huge pressure from their political masters to meet these targets, in many instances, very unrealistic ones. To get around this the managers lied and fiddled with the figures.

Because of the nature of the communist ideology, one of its key aims was full employment. Over time it became apparent that many factories were unprofitable and in a market economy would be closed down, but in Eastern Europe they would stay open just so as to provide employment to its workers. Communist leaders in many of these countries were too overly interested in keeping the prestige of the country and they felt that the best way of doing this is to keep a large armed forces, even if one is not necessary to defend there country from a possible aggressor.

A massive amount of money (as a proportion of GDP) was spent by each country on maintaining a costly army. The same political leaders continued to spend money on unprofitable heavy industry instead of using the money to alleviate the growing problems that their citizens faced, such as on housing or welfare. Any economic reform that would require the state giving up some of its control over people's economic lives was categorically ruled out because the politicians had no intention of relinquishing their influence.

In Poland there were growing signs of dissatisfaction with the party and a questioning of its competence. By 1987, a party source revealed that only 25% of members played an active role within the Communist party and 60% did no more than pay their fees<sup>4</sup>. In 1980 there was a wave of strikes in the

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Baltic ports and Silesian coalfields which was sparked by price increases. Unofficial union organisations provided the focus for the workers grievances which were initially confined to wage increases. Sensing the government's indecision to a co-ordinated response, the workers demands increased.

A worker in the Gdansk shipyard, Lech Walesa, helped organise and became its main leader and demanded the Polish government accept free trade unions, specifically his union, which became known as Solidarity. The government began negotiations with strike representatives, including Solidarity, in August 1980. These talks led to an agreement between the unions and Polish government which became known as the 'Gdansk accords'. This agreement turned out to be one of the most significant concession made by a Communist party in Eastern Europe.

The accords gave workers the right to strike and to form free trade unions, as well as the right to operate outside the communist system. By the mid 1980's membership of Solidarity stood at over nine million<sup>5</sup>. For a whole year Solidarity dominated the political agenda, with Walesa and other leaders urging restraint on their increasingly militant membership as the economic situation continued to deteriorate. The Communists and Solidarity clashed, they were at political loggerheads and the situation in the country came to a stand off. The USSR still posed an external threat and it appeared it might intervene to crush the opposition.

The Polish leader, General Jaruzelski, declared martial law and arrested thousands of opposition activists, including the Solidarity leadership. The government revoked the Gdansk accords and Solidarity was abolished in

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1982. Forced underground it remained the most active dissident organisation in Eastern Europe, producing numerous publications, organising and mobilising demonstrations and strike action. No organisation ever existed in Czechoslovakia that compares to Solidarity. This was a country with historically strong liberal and democratic roots that made it particularly ill suited to communism, had experienced a near revolution.

This was the Prague spring of 1968 that was put down by countries of the Warsaw pact. In Czechoslovakia the systemic crisis that had been developing across Eastern Europe during the 1980's had already developed in Czechoslovakia way back in the 1960's. Alexander Dubcek and other leaders wanted to reform and change. A 'socialist market economy' was espoused which was to decentralise the economy. Any opposition to the communists was hard to display, they ran the risk of being the victim of arrest or violence.

But the systemic crisis sweeping Eastern Europe in the 1980's was too much for the dissatisfied workers and students of Czechoslovakia to endure any further. An opposition quickly developed and huge popular protests against police repression were organised. The opposition began negotiating at the highest political level. They were able to go public with these calls for change because there was no threat of Soviet intervention to back the communist regime. This was because Gorbachev had publicly revoked the Brezhnev doctrine in June 1989.

Gorbachev's reforms in the USSR paved the way for a serious leadership challenge to the East European old guard. Gorbachev had realised that the

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USSR was now in too weak a position domestically to maintain its iron grip over Eastern Europe. Towards the end of 1986 Gorbachev talked about the rights of countries to choose their 'different paths' to socialism. By 1988 Gorbachev expressed the view that Soviet control in Eastern Europe violated the principle of genuine communist internationalism, and therefore Eastern European governments should be allowed to govern as they wished without outside interference.

Gorbachev supported reformist communists in Eastern Europe. Many of the Eastern European governments, who were installed and protected by Moscow, felt threatened and vulnerable as a result of Gorbachev's 'openness'. Gorbachev had renounced the Brezhnev doctrine in June 1989. For the countries of the Soviet bloc there had always been the threat of potential Soviet intervention if the Kremlin felt that the Communist party and its leaders were being challenged in the Eastern European countries.

This had happened in Hungary in 1956 and in Czechoslovakia in 1968, where reformists were thwarted by Soviet troops and tanks. Gorbachev's reforms allowed the political and economic worlds to drift apart. His reforms undermined the authority and role of the Communist party, which was not his intention. His intention was quite the opposite, he believed given the opportunity the people would embrace a reformed type of communism to the communism being practised.

Gorbachev's role in the crisis of the late 1980's can not be underestimated, any other Soviet leader could have acted very differently. They could have continued with the Brezhnev doctrine and invade countries that were not

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toeing the Moscow line and prop up unpopular regimes. Would any other leader have introduced 'glasnost', political openness. Gorbachev encouraged Eastern Europe to introduce this openness, which many did. This allowed opposition and other independent organisations to be set up and allowed people to voice their grievances.

The 1956 generation in Hungary had fought for non-Soviet communist renewal, and the 1968 generation of Czechoslovakia for a more humane brand of socialism, all that socialism and communism meant for those in their teens and twenties in the second half of 1980's was the grey Brezhnev years of cynicism, corruption, shortages and falling living standards. The generation of people living in Eastern Europe born in the 1950's and 1960's had never experienced life before the communists, they had not lived under Nazi rule which had engulfed Eastern Europe in the 1940's.

The Second World War was the reason that let the Communists come to power throughout Eastern Europe. The Communist's had resisted the Nazi's in guerrilla warfare across Eastern Europe. It was the Red army that liberated the region from Germany. It was from this the Communists gained much of its prestige and authority. For the next generation this was not so. All they had experienced under communism was falling living standards and the lack of pluralism or choice in their lives. Communism as an ideology had been losing its appeal for decades and disenfranchisement with the Communists became stronger and stronger.

A series of systemic crises had developed in Eastern Europe during the 1980's, many of these issues had their roots further back. But during this

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particular decade a series of potential crises such as the general disenchantment that the people had with the Communist party for bringing widespread poverty and the economic problems that brought these crises to a head showed no signs of easing, only getting worse. This was coupled at the same time with the reforms of Gorbachev. The extent of the ensuing crisis was powerful enough to bring down the regimes of Eastern Europe with relatively little bloodshed.