

August 30, 1991

NEW DATA SHOW THE DEPTH OF THE SOVIET ECONOMIC COLLAPSE

There are many reasons for the coup attempt in the Soviet Union last week. Mostly, it was a last-ditch attempt by the hardliners to hold on to power and to prevent the decolonization of the Soviet empire. However, another reason why the hardliners tried to topple Mikhail Gorbachev was that the economic crisis was weakening communist control over the economy. The Soviet gross national product declined 10 percent in the first half of 1991, foreign trade dropped 37 percent, and this year's grain harvest is down 50 percent from last year.

To make matters worse, inflation is over 100 percent and the ruble is worthless, thus forcing most economic transactions to be conducted in barter. Despite recent price increases, moreover, most goods still are not available in stores.

Volumes could be written about the economy's freefall. Sometimes, however, numbers speak more powerfully. The following graphs illustrate dramatically how completely the Soviet economy is collapsing. Production, for instance, is down in sectors ranging from oil to shoes and employment has been falling since 1987. Heritage Foundation E. L. Wiegand Fellow Leonid M. Grigoriev and fellow Soviet economists Olga V. Ivanova and Sergei A. Nikolaenko constructed these graphs in Moscow. This is the first time these graphs have been published. They demonstrate vividly the economic challenges ahead for the democratic reformers in the republics of the Soviet Union.

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Chart 1 Soviet Economy Stalls...

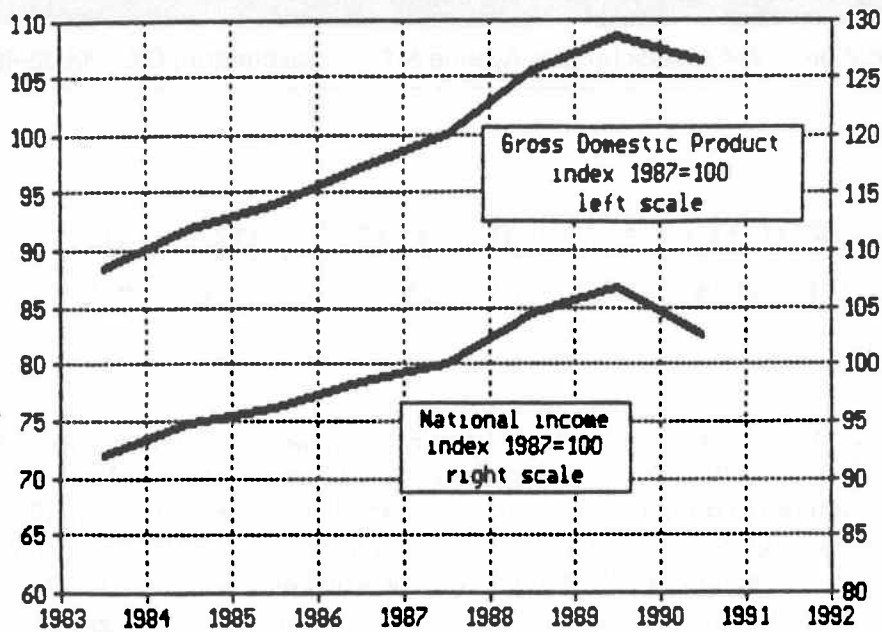


Chart 2 As Industrial, Agricultural Output Drops

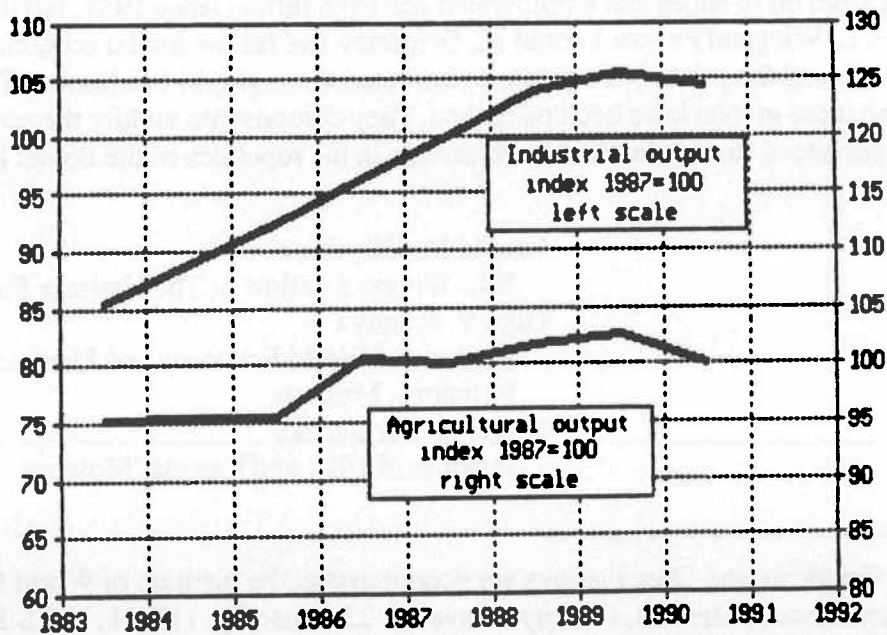


Chart 3
Equipment and Investment Decline...

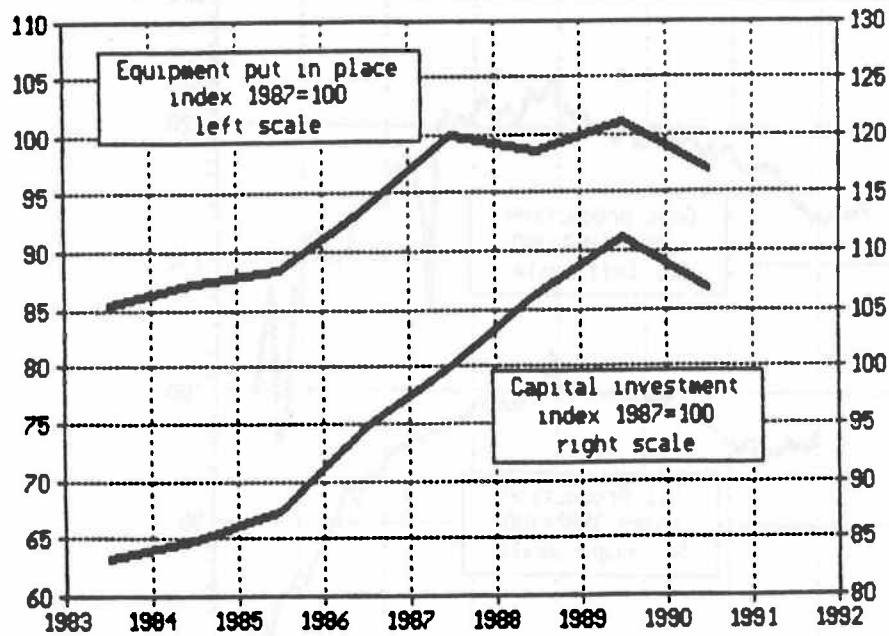


Chart 4
Following Decline in Employment

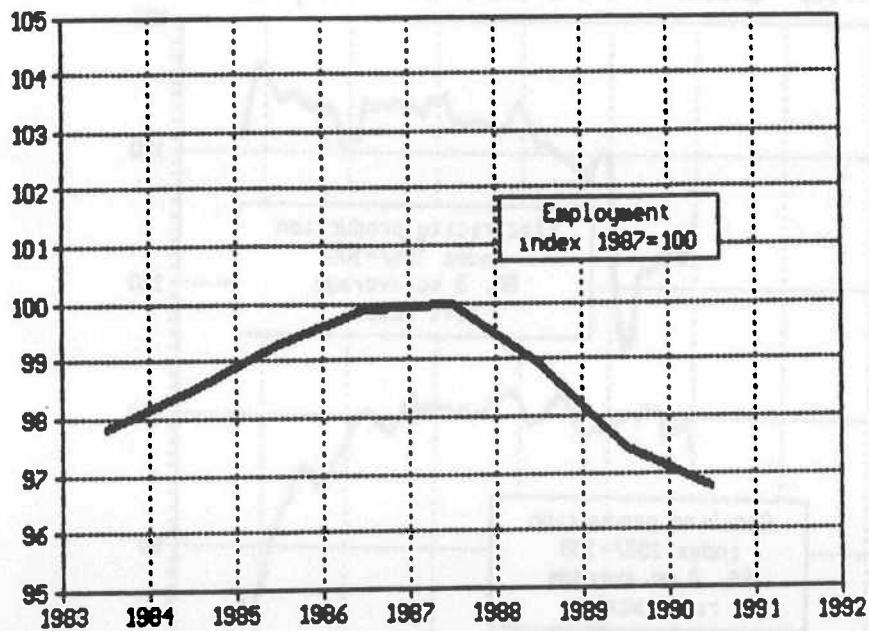
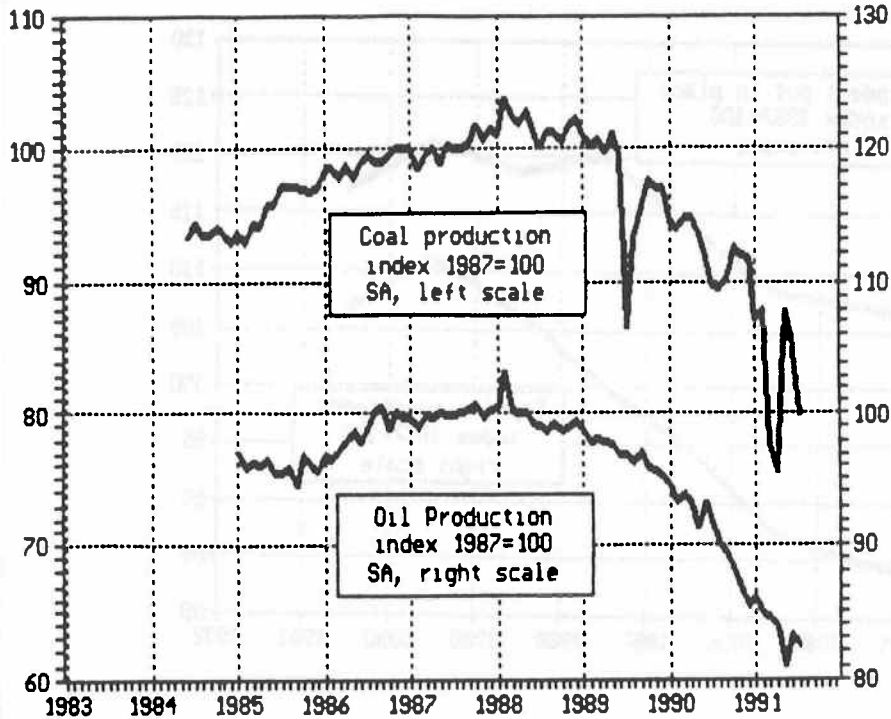
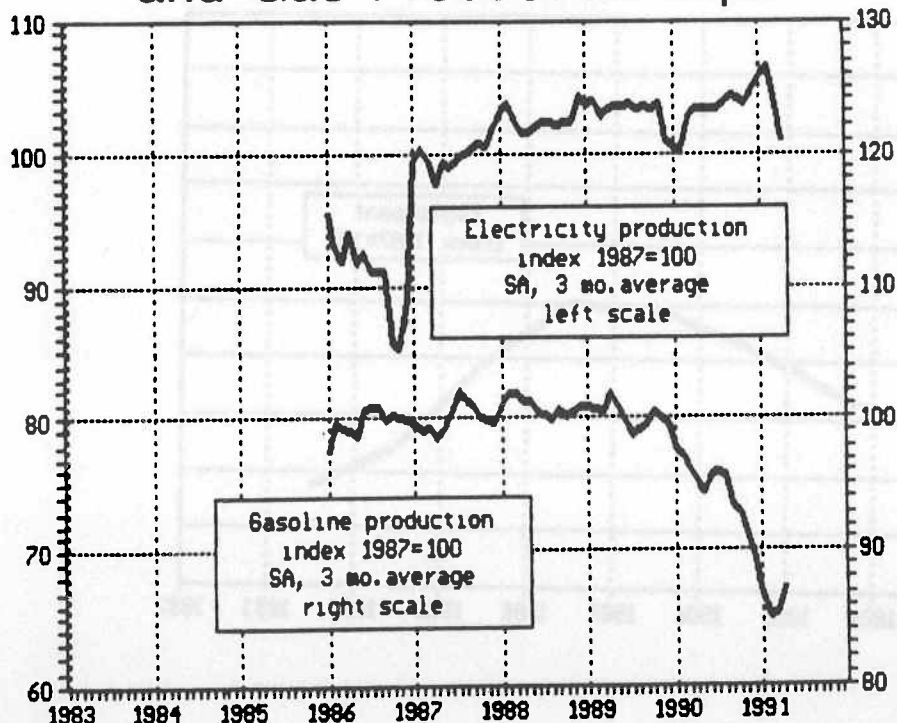


Chart 5 Coal and Oil Production Fall Rapidly...



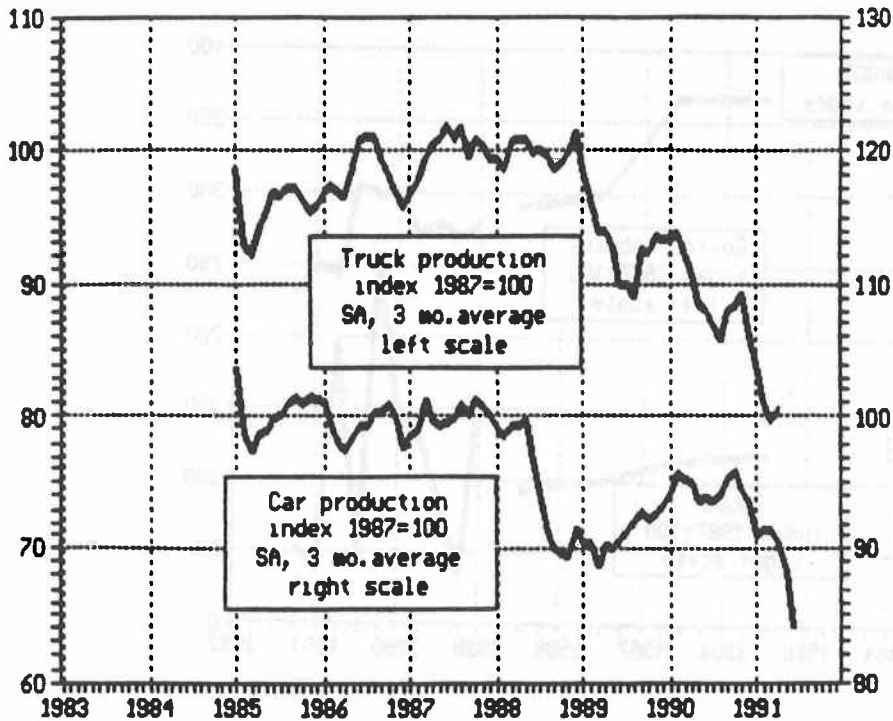
Note. SA - Seasonally Adjusted

Chart 6 As Electrical Production Stagnates and Gas Production Slips



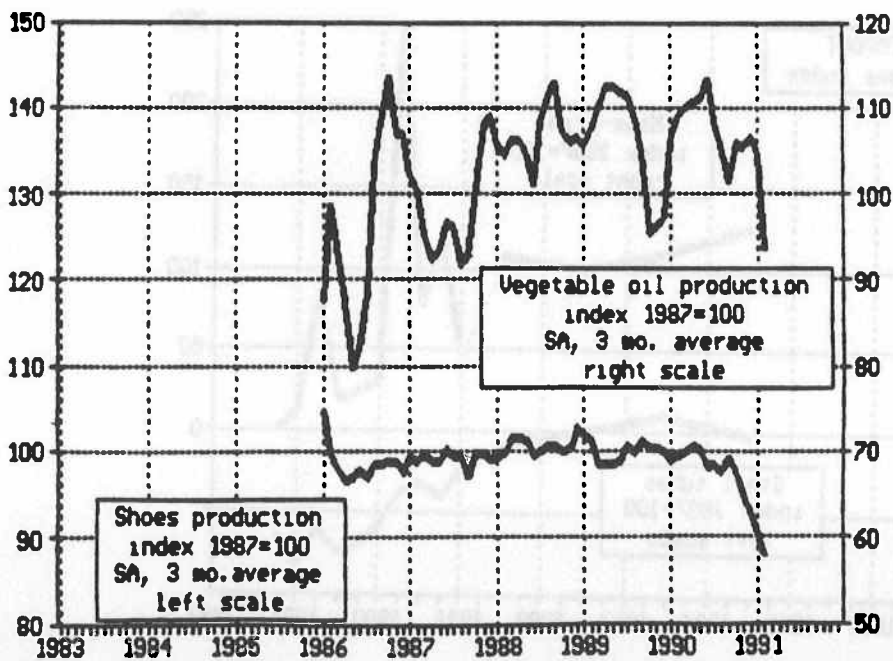
Note. SA - Seasonally Adjusted

Chart 7
Car and Truck Production Plummet



Note: SA - Seasonally Adjusted

Chart 8
Vegetable Oil and Shoes Become Scarcer



Note: SA - Seasonally Adjusted

Chart 9
 Fabric and Shoe Imports are Halved...

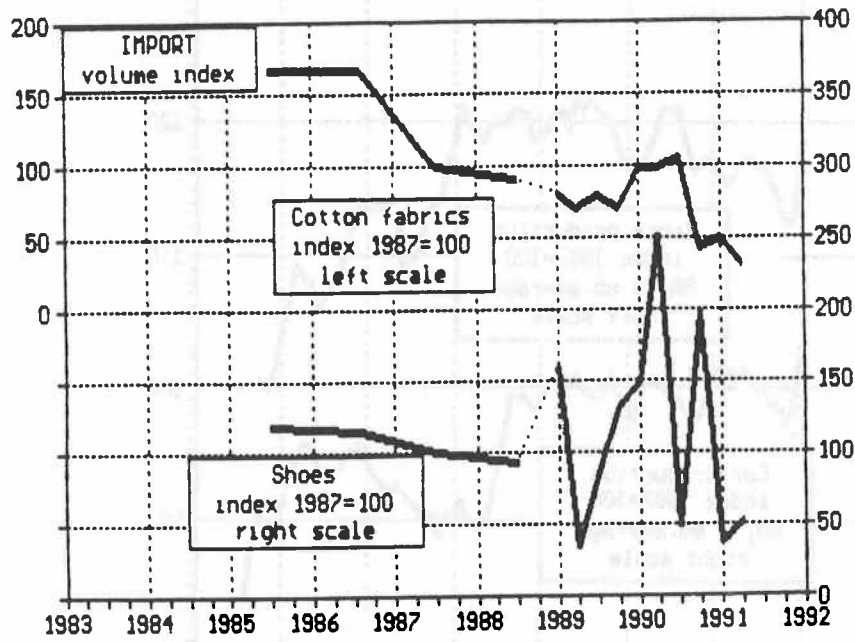


Chart 10
 As Newsprint Imports Stop

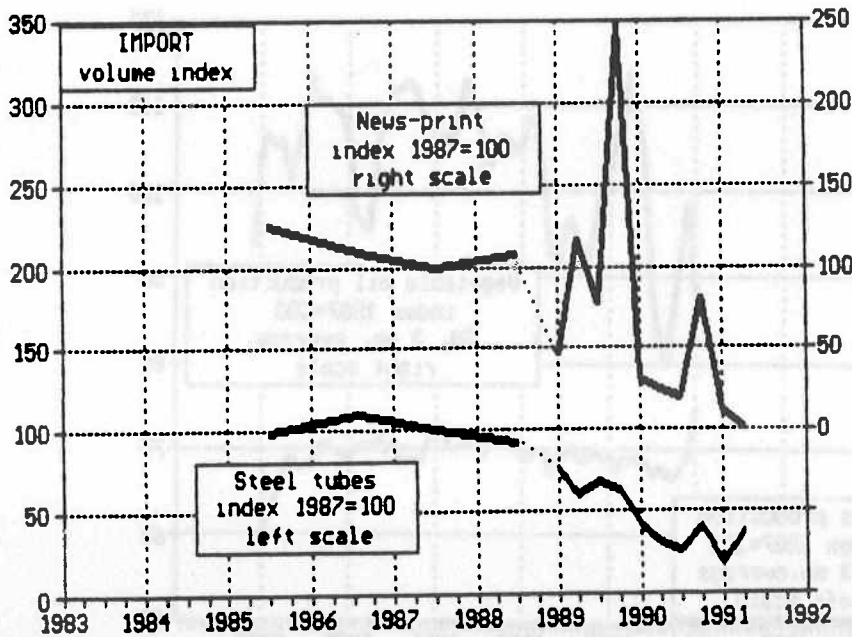


Chart 11
Oil and Refined Product Exports Collapse...

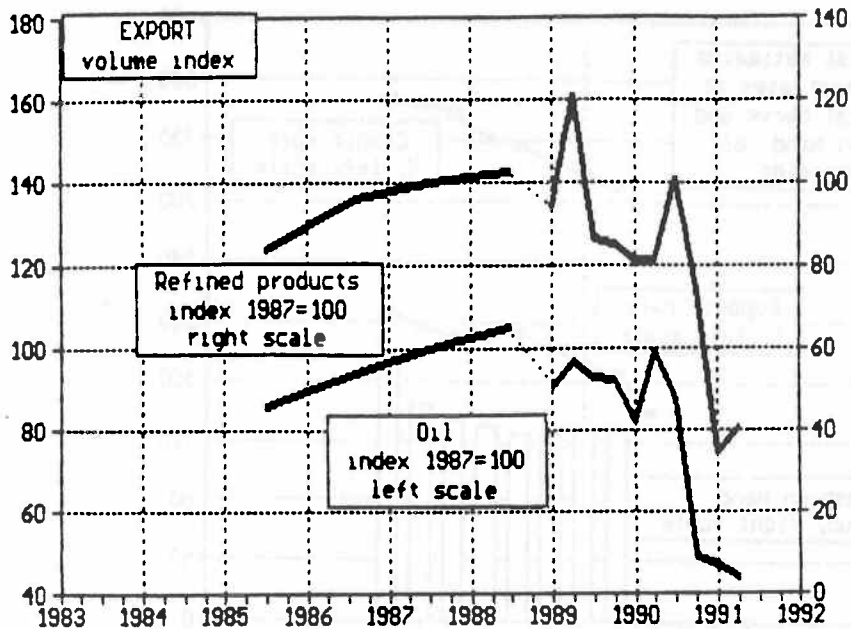


Chart 12
While Natural Gas Exports Stabilize, Coal Sales Rebound

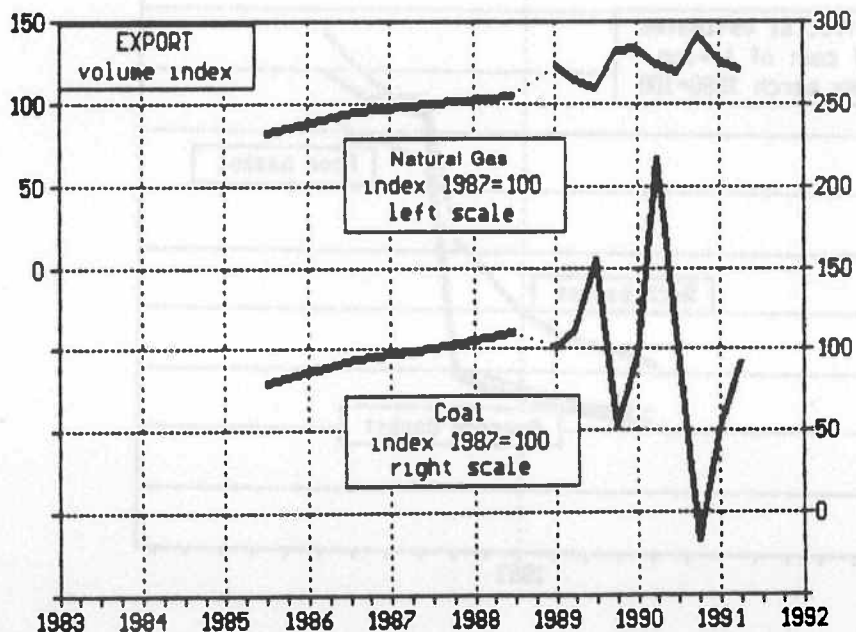
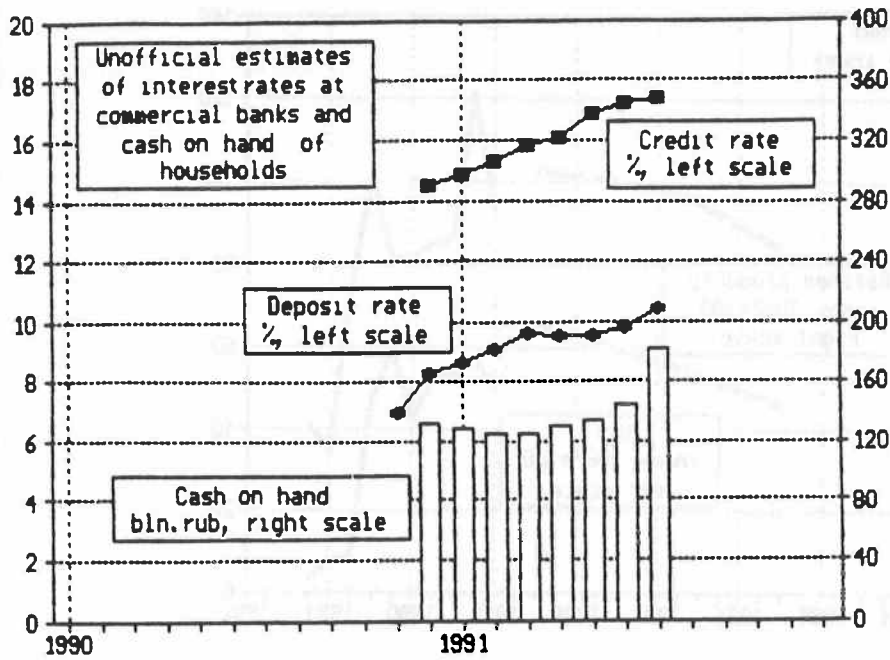


Chart 13
Interest Rates and Cash Supplies Climb...



Note: bln. rub - Billions of Rubles

Chart 14
While the Cost of Living Soars

