

Was the Socialist Development Model overshadowed by Liberal Policies? The Collapse of the Soviet Union and the Transition from a Planned Economy to a Market Economy

Sosyalist Kalkınma Modeli Liberal Politikaların Gölgesinde mi Kaldı?
Sovyetler Birliği'nin Dağılışı ve Planlı Ekonomiden Piyasa Ekonomisine Geçiş

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Öz

Amaç: Bu araştırmanın amacı, SSCB'nin kuruluşundan itibaren planlı ekonomi sürecinin nasıl işlediğini ve SSCB'de planlı ekonomiden liberal ekonomiye geçişin etkilerini incelemektir.

Tasarım/Yöntem: Çalışmada, sosyalist kalkınma modeli ile liberal politikalar arasındaki geçişkenlik ve dolayısıyla, SSCB'de planlı ekonomiden liberal ekonomiye geçişin etkileri incelenmiştir. Öncelikle Çarlık Rusyası'nın yıkılışı ve sancılı sürecin etkileri işlenmiş, ardından da SSCB'nin kuruluşu ve Lenin ile Stalin'in tarım ekonomisinden sanayi ekonomisine geçiş hedefleri anlatılmıştır. Sonraki bölümde, soğuk savaş döneminde yaşanan sürecin SSCB ekonomisinde ne gibi etkiler oluşturduğunu ve SSCB açısından çözülme sürecinin nasıl başladığını göreceğiz. Ardından, Gorbachev döneminde planlı ekonomiden liberal ekonomiye hızlı geçişin sonuçlarını ve bu geçişin, Doğu Avrupa ülkelerini nasıl etkilediğini inceleyeceğiz.

Bulgular: 1980'lerin sonu ve 1990'ların başı, Sovyetler Birliği'nin son yılları olacak olan ciddi bir ekonomik daralma ile karakterize edildi. Gorbachev tarafından yönetilen planlı ekonomiden piyasa ekonomisine geçiş dönemi öngörüsüz ve plansız bir şekilde yapılmıştır. Bu da başarısız bir dönüşüme neden olmuştur. Sovyetler Birliği, rekabet edecek düzeye ulaşmadan serbest piyasa koşullarını uygulamaya kalkmış ve kaçınılmaz bir sonla karşılaşmıştır.

Sınırlılıklar: Çalışma, Sovyetler Birliği ile Doğu Avrupa ülkelerinde yaşanan politik ve ekonomik değişimleri birbiriyle bağlantılı bir şekilde incelemektedir.

Özgünlük/Değer: Literatürde, SSCB'nin örnek olması kapsamında planlı ekonomiden piyasa ekonomisine geçişi karşılaştırarak inceleyen çalışma sayısı oldukça az ve yetersizdir. Bu yüzden çalışmanın literatüre önemli bir katkı sağlayacağı düşünülmektedir.

Anahtar Kelimeler: Sosyalist Kalkınma Modeli, Piyasa Ekonomisi, SSCB, Soğuk Savaş

Abstract

Purpose: To examine how the planned economy process has worked since the establishment of the USSR, and the effects of its transition to a liberal economy.

Design/Methodology: This study examines the relationship between the socialist development model and liberal policies, and the effects of transitioning from a planned to a liberal economy in the USSR. First, it covers the collapse of Tsarist Russia and the painful consequences of this process, followed by the establishment of the USSR and the goals of Lenin and Stalin in transitioning from an agrarian to an industrial economy. The next section looks at the impact of the Cold War on the USSR economy and how the dissolution process began. Finally, we will examine the consequences of the rapid transition from a planned to a liberal economy during the Gorbachev era, and its impact on Eastern European countries.

Findings: The late 1980s and early 1990s were characterised by a severe economic contraction, marking the final years of the Soviet Union. Gorbachev's transition from a planned to a market economy was carried out without foresight or planning. This resulted in a failed transformation. Attempting to introduce free market conditions before becoming competitive led to the Soviet Union's inevitable downfall.

Limitations: This study takes an interconnected approach to examining the political and economic changes in the Soviet Union and Eastern European countries.

Originality/Value: The number of studies analysing the transition from a planned economy to a market economy in the context of the USSR is quite small and insufficient, according to the literature. Therefore, it is believed that this study will be a valuable addition to the existing literature.

Keywords: Socialist Development Model, Market Economy, USSR, Cold War

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1. INTRODUCTION

After World War II, the USSR became the world's second economic power after the USA, adopting a centralised, planned economy. In this context, it can be said that the Soviet economic system was successful from 1928 until the 1970s. However, like the rest of the world, the USSR's economic system went into recession in the post-1970 period. After 1975 in particular, the Soviet economy declined significantly and growth rates slowed down. The economic stagnation that began during Khrushchev's final years was attempted to be overcome through Brezhnev's initial reforms, but without success. Initially, there were some improvements in agriculture and other production sectors under Brezhnev, but these were not sustainable. The country's economic situation deteriorated in the 1970s due to excessive resource allocation to the arms industry and insufficient investment in agriculture. By the 1980s, the country was unable to meet its own needs (Kalugina, 2002).

The biggest problem facing the Soviet Union was its economy, which was in the process of collapse. While other countries practised market economies, the Soviet Union adopted state-sponsored economic policies. In theory, this system was intended to provide an efficient and fair economic order, but in practice it caused serious problems. Supply failed to keep up with demand, rendering the monetary system ineffective. The economic situation was further exacerbated by the substantial funding allocated to space exploration and the arms race with the US from the late 1950s onwards. The USSR was the first country to send a man into space and was also equipped with nuclear weapons and powerful ballistic missiles. However, these projects were extremely expensive. The Soviet Union relied on natural resources such as diesel oil and natural gas, but the sudden drop in oil prices in the early 1980s hit the economy hard. The internal changes initiated by the Glasnost and Perestroika reforms led to significant political and economic transformations in the Soviet Union. Perestroika meant a partial loosening of centralised control of the economy, while Glasnost meant a policy of political openness. Gorbachev's Perestroika policy aimed to integrate market fundamentals into the economy. However, the economic structure was not flexible enough to handle such rapid reform. Consumer goods became scarce and inflation soared. In the 1990s, the government's fiscal reforms wiped out the limited assets of millions of people, leading to a dramatic increase in backlash against the government. The new economic adjustments made after the collapse of the Soviet Union were detrimental to the Soviet economy. This was because the existing Soviet industries were not strong enough to withstand international competition. Developed countries, such as the USA, the UK, Germany and France, which were monopolised by the capitalist system, dominated world markets and production. In this context, these countries established institutions such as the IMF and the World Bank, which prevented the development of an economic structure capable of competing with existing global economies (Chang, 2015).

Following the collapse of the Soviet Union and the dissolution of centralised economic systems, Eastern European countries have made significant progress in establishing democratic political orders and free market economies similar to those in Western Europe. The main changes resulting from the transformation policies are the liberalisation of foreign trade, the elimination of the state's foreign trade monopoly, and the abandonment of export and import licences and strict quantity restrictions. The main instruments of liberalisation were granting foreign trade authorisation to all enterprises instead of state institutions, using the tariff system instead of quantity restrictions, keeping tariffs low and allowing enterprises and households to freely buy and sell foreign currency (Kudrov, 2003).

Since the 1980s, economic reforms have been undertaken in Soviet-dominated socialist countries to establish free market conditions. It has been argued that the free market provides more profitable results for national economies than the protectionism advocated by socialism. However, the US rejected free market conditions in the 19th century. It took Britain 100 years to become strong enough to compete in textiles alone, during which time it pursued protectionist policies. It took the US around 130 years to develop its economy to the point where it could feel secure behind the shield of tariff protection. Without protectionist policies, Japan would still mainly export silk, Britain would mainly export wool, and the US would mainly export cotton. It is impossible to accept that the Soviet economy reached the maturity achieved by the US and other countries in such a short period of time. Following these regulations, Soviet stores were filled with foreign goods that domestic producers could not compete with, resulting in a significant decline in production. This is an inevitable process that can

befall any country that implements free market conditions without first becoming competitive (Lavigne, 1999).

The economic order reflects the main characteristics of Eastern Bloc countries. Socialism was voluntarist and aimed to dominate all aspects of society through the 'plan'. Although they were in different circumstances to the Soviet Union, the communist parties imitated the Bolshevik Party by implementing a policy of dispossession and nationalisation, which went as far as the expropriation of small businesses and petty trade. Following the Soviet model, Eastern bloc countries prioritised heavy industry at the expense of agriculture and consumer goods production. These policies resulted in a significant economic growth, rapid industrialisation, and the resolution of social issues related to underdevelopment. However, the state's indifference to consumer goods, coupled with its repressive methods against any form of opposition, provoked hostile reactions against the Soviet Union despite the increasing attractiveness of the West. This discredited the Communist Party and socialism in the eyes of the people and led to increasing bureaucracy and a decline in growth rates (Kudrov, 2003).

The planned economy was controversial for two reasons. Firstly, the stated goal of achieving the same level as capitalist economies was never realised, and poverty became the system's defining feature. On the other hand, the centralised system and planned development practices gave rise to an illegal, clandestine economy involving the marginal circulation of goods and services that fed the privileged classes, especially the bureaucrats. The gap between social strata widened. The 'nomenklatura' of party and state elites lived far removed from the overwhelming majority, who struggled with material difficulties in everyday life (Stern, 1996).

This study examines the relationship between the socialist development model and liberal policies. It aims to analyse how the process of the planned economy has worked since the establishment of the USSR, and the effects of transitioning from a planned to a liberal economy within the USSR. In this context, the study first analyses the collapse of Tsarist Russia and its painful aftermath. It then explains the establishment of the USSR and the goals of Lenin and Stalin in transitioning from an agrarian to an industrial economy. The next section examines the effects of the Cold War on the USSR economy and how the dissolution process began. Finally, we will examine the consequences of the rapid transition from a planned economy to a liberal economy during the Gorbachev era, and its impact on Eastern European countries. There are few studies in the literature that compare the transition from a planned to a market economy using the USSR as an example. Therefore, this study is expected to make an important contribution to the literature.

2. THE OCTOBER REVOLUTION AND THE FALL OF THE TSARIST REGIME

By 1905, Tsarist Russia had fallen far behind the rest of Europe, particularly in economic terms. Its industrialisation policies were inadequate. Labourers were working long hours for low wages. Against this backdrop, workers in poor conditions began organising strikes and protests across the country. On 22 January 1905, a priest named George Gapon led thousands of people on a peaceful march to demand a reduction in daily working hours and an increase in wages. However, Tsar Nicholas II, the last reigning member of the Romanov dynasty, ordered the Russian army to open fire on the protesters, bloodying the suppression of the demonstrations. Hundreds of civilians lost their lives in this event, known as Bloody Sunday. Nevertheless, the shooting of the demonstrators only fuelled anger against the Tsarist regime (Wortman, 2013).

Anti-Czarist demonstrations were organised in various parts of Russia in the following days. Unable to withstand the pressure any longer, the Tsar finally signed the October Manifesto. This granted freedoms such as freedom of speech, assembly and organisation to the people living in Russia. Then a parliament called the 'Duma' was established. In addition, general amnesty for political prisoners was granted and censorship of newspapers was lifted to reduce unrest. These decisions led to a significant decrease in the number of uprisings. However, the outbreak of the First World War in 1914 saw protests start to gain momentum again. According to the Julian calendar used in Russia at the time, on 18 February 1917, workers at the Putilov factory in Petrograd revolted, demanding a pay rise due to rising prices across the country. Rather than granting the workers a pay rise, the factory owners dismissed thousands of them. They replaced them with new workers who agreed to work for lower wages. This

had a ripple effect across the country, leading to a backlash from workers in other factories. Tens of thousands of workers took part in protests until 22 February 1917 (Anisin, 2014).

23 February was International Women's Day according to the Julian calendar. The fact that women also joined the protests on that day and demanded equal rights broadened the movement's base even further. As the uprising grew, Tsar Nicholas ordered the protesters to be fired upon. However, soldiers refused to open fire on the civilian population, disregarding this order. In defiance of their commanders, many soldiers refused to open fire on the protesters and joined them instead. As a result, the protests turned into demands for equal rights and wage increases, as well as slogans against Tsarist rule. Unable to prevent these events, Tsar Nicholas II abdicated on 15 March, leaving the throne to his brother, Mikhail. However, Mikhail refused to take the throne, fearing the protesters' anger. Thus, the centuries-old Tsarist regime in Russia and the 300-year-long Romanov dynasty came to an end. Following these events, pro-Tsar deputies in parliament formed a provisional government. The Tsar's abdication and the formation of a new government led to the protests softening and ending. The people expected the new government to rectify the mistakes of the Tsarist regime. However, the new government failed to respond to the people's wishes; expected reforms such as agrarian reform and shorter working hours could not be realised. The provisional liberal government established by the revolution comprised democrats who lacked governmental experience and were unable to prevent the country from descending into chaos during the war. Over time, the Liberals fell out of favour with society, and eventually a Bolshevik minority seized power (Wortman, 2013).

The October Revolution of 1917 had significant consequences for Russia and the rest of the world. It overturned the alliances established during the First World War and declared the Bolsheviks' victory in Russia. This was welcomed in the West as a transition to a new world order defined by Marxism within the labour movement.

3. THE ESTABLISHMENT OF THE RUSSIAN FEDERATIVE SOVIET SOCIALIST REPUBLIC AND CIVIL WAR

On 25 January 1918, a congress was convened at which the Russian Federative Soviet Socialist Republic was proclaimed. The subsequent government made many decisions, such as nationalising everything, reducing working hours to eight hours a day, and distributing the land owned by large landowners to peasants. On 3 March 1918, the decision to withdraw from the First World War was made. Meanwhile, anti-Soviet generals formed an army with military and material support from France, Britain, and the USA. This army, known as the White Army, aimed to overthrow the Bolshevik revolution and restore the old regime. Consequently, a civil war broke out between the two groups vying for power. This civil war continued until 1922. During this period, to speed up the delivery of supplies to the front lines, some workers in Petrograd, under Soviet rule, were forced to work on Saturdays. Meanwhile, peasants were obliged to hand over their surplus crops to the Soviet government. The distressing situation of the workers and peasants did not improve over the years due to the wars not being brought to an end. Increasing agricultural production by giving land to the peasants was planned. However, this increase did not materialise. The main reason for the failure to increase agricultural production was that the peasants did not want to give the state the crops they had obtained after long labour. The peasants who did not want to give their crops to the state were storing the products they obtained or producing only enough products for themselves. The Soviet government, which did not have enough products, had difficulty in feeding the people living in the cities (Carr, 2007).

4. NEW ECONOMIC POLICY NEP AND THE ESTABLISHMENT OF THE USSR

Following the civil war, Lenin found himself at the helm of an exhausted country and a party whose members opposed his authoritarian rule. Against this backdrop, the New Economic Policy (NEP) was adopted in 1921, creating a climate of détente and partially authorising private enterprise. Against this backdrop, a new economic programme called the NEP was introduced on 21 March 1921 with the aim of boosting agricultural production. Rather than confiscating the peasants' produce, a tax was imposed under this programme. The peasants were also permitted to sell their produce at a profit. However, a 10 per cent tax was levied on each product sold. Those who wished to do so were also permitted to establish small enterprises. The compulsory product delivery system in agriculture was abolished and medium and small enterprises in industry and trade were transferred to individuals.

Management of large enterprises was decentralised, and foreign technicians were employed. Conversely, wage differentiation was adopted and productivity-based bonuses were introduced. The NEP eliminated threatening scarcity and restored order. In fact, it represented a return to a market economy. However, this was incompatible with the Marxist ideas adopted by the Bolsheviks. Nevertheless, a new economic programme was adopted to recover the country's economy. This put an end to practices such as the state confiscating farmers' crops. Peasants were allowed to sell their produce and started to produce more. Agricultural production increased rapidly. In this context, the Russian economy, which had been devastated by long wars, began to recover (Sutela, 1991).

By 1922, the Bolsheviks had emerged victorious from the Civil War, establishing their authority over Russia. Following their victory, the Union of Soviet Socialist Republics was formed on 30 December 1922. Joseph Stalin was appointed General Secretary of the Communist Party in April. This position allowed him to include whomever he wanted in the party. He used this power to recruit many people into the party and secure their support. This appointment increased Stalin's power. On the surface, the role did not appear to be very important. However, Stalin began to control the internal party cadres by using the power of his position. In this context, the Bolshevik Party was turning into a gigantic bureaucracy (Raffas, 2012).

Lenin adopted a policy of self-determination for nations. He wanted to end the Russian Empire's centuries-long oppressive nationality policies. In one of his writings, he emphasised this policy particularly strongly, making the following statement: 'If we continue to use force against nations, we risk the future of this state. The nationality issue is the greatest threat to the Soviets.' Stalin, on the other hand, had a more authoritarian and centralist point of view. He opposed demands for autonomy in Ukraine and Georgia, taking harsh measures to suppress national movements seeking independence. This led to a rift between the two within a few years. During this period, Lenin suffered four strokes and died on 21 January 1924. Following Lenin's death, a power struggle began between Trotsky, the founder of the Red Army, and Stalin, who sought to replace him. Following a lengthy period of rivalry, Trotsky was expelled from the party at the 15th Communist Congress on 27 December 1927, after which Stalin's absolute leadership was accepted (Holmes, 2002).

5. STALIN'S ECONOMIC POLICIES

Stalin's seizure of power was a significant political victory. It also marked the start of a journey that would determine the fate of millions of people. When he came to power, the Soviet Union lagged behind the Western powers in terms of industry and agriculture.

5.1. Transition from Agricultural Economy to Industrial Economy

Under Stalin's rule, the New Economic Policy (NEP) was definitively abandoned and a fully state-led planned economy was introduced. During this period, the peasant Kulaks and small business owners, the Nepmen, were seen as a major problem by the current leadership. From 1928 onwards, large numbers of Kulaks were arrested for storing grain. Special units were set up in Siberia and the Urals to collect grain. The greatest crisis arose when peasants and farmers attempted to collectivise agriculture. This work, which should have been carried out gradually, was carried out intensively and accelerated due to the resistance encountered at the end of 1929. By 1930, the Politburo — the highest decision-making body of the Communist Party — had decided to completely liquidate the Kulaks. Thousands of Kulaks were arrested and exiled. In one year alone, around 320,000 households were affected. Years later, historian Dmitri Volkogonov described this process as the first instance of mass terror practised by Stalin in his country (Volkogonov, 2000).

Stalin favoured the mass collectivisation of agriculture. From 1929 onwards, he therefore established collective farms called 'kolkhozes' and state farms called 'sovkhozes'. Kolkhozes were formed when peasants gave up their land and agricultural tools to the state. Sovkhozes, on the other hand, were completely state-owned. Peasants, whether voluntarily or involuntarily, were now forced by the state to work on these farms and could only keep a small portion of the crops they produced for themselves. However, the peasants did not embrace this process, with some beginning to destroy crops and kill animals. Consequently, agricultural productivity fell sharply and peasant uprisings broke out in many regions. The decline in agricultural productivity also led to increased migration to the cities. During this period, the Soviet Union launched the First Five-Year Economic Plan, which focused on

heavy industry projects. Stalin favoured the mass collectivisation of agriculture. From 1929 onwards, he therefore established two types of farm: 'kolkhozes', which were collective farms owned by the state, and 'sovkhozes', which were state-owned farms. Kolkhozes were formed when peasants gave up their land and agricultural tools to the state. Sovkhozes, on the other hand, were completely state-owned. Peasants, whether voluntarily or involuntarily, were now forced by the state to work on these farms and could only keep a small portion of the crops they produced for themselves. However, the peasants did not embrace this process, with some beginning to destroy crops and kill animals. Consequently, agricultural productivity fell sharply and peasant uprisings broke out in many regions. The decline in agricultural productivity also led to increased migration to the cities. During this period, the Soviet Union launched the First Five-Year Economic Plan, which focused on heavy industry projects.

In 1932, 70% of the land was cultivated by kolkhozes, which forced peasants to work. While over-industrialisation created a solid infrastructure, it also destabilised the national economy. While it is true that the planned economy created an impetus for development in war-torn and economically backward Russia, it also brought many problems due to its centralised character (Sutela, 1991). However, the inflexibility of the centralised planned economy model brought many problems (Sutela, 1991).

For Stalin, only one person was responsible for this process. The people themselves. According to him, they had hidden the grain and killed the animals. He characterised them as enemy elements and saboteur peasants. In this context, he provided limited aid to the famine-stricken regions. For Stalin, Soviet industrialisation was more important than the lives of the peasants. The Holodomor tragedy reflected this idea. In accordance with the social and economic policies of the Soviet system, he forced Ukrainian peasants to practise cooperative agriculture. Despite the peasants' attempts to slow down production, the Soviet administration continued the repression, calculating that production would decrease in 1932. The government demanded an increased wheat harvest from the peasants and sent armed state officials to confiscate all the harvest, including seed wheat and wheat intended for the peasants' own use. These repressive policies left millions of peasants hungry. Those pushed into hunger were prevented from leaving the region and entry to these lands was banned. Aid from abroad was also rejected (Volkogonov, 2000). During this period, Stalin implemented an intensive censorship policy to prevent the events from being detected, particularly by foreign countries. This makes it very difficult to analyse the events from a historical perspective, even today. According to data from the Ukrainian Institute of National Memory, around 4.5 million people — 13 per cent of the Ukrainian population — died of famine between 1932 and 1934. Among the victims were reportedly around 1 million children under the age of 10 and 600,000 unborn babies. In total, nearly 8 million people died of hunger and famine across the Soviet Union, including in Ukraine, Siberia, Kazakhstan and the Caucasus. Following these events, thousands of state officials were sent to Ukraine in case of any threat to the Soviet system. As a result of the famine in which millions of people died, Stalin completely controlled Ukraine (Euronews, 2025).

5.2. Economic Understanding in the Cold War Period

The USSR fought Germany in World War II. Against this backdrop, the USSR experienced significant challenges in terms of production and employment. During the war, Stalin had his own soldiers shot to maintain discipline. According to Stalin, this was a war of patriotism, which motivated the Soviet people. By 1945, Berlin had fallen and the Germans had been defeated. The recipe for war began to emerge a little later. According to data from the People's Commissariat of Internal Affairs, 1,710 Soviet towns and around 70,000 villages were completely destroyed during the war. Approximately 27 million people were killed or went missing. After the war, Stalin reached the peak of his career. He was seen as the greatest symbol of victory and patriotism in his country. He adopted the title 'Generalissimo', meaning 'the highest general'. Previous propaganda had portrayed Stalin as a strong leader and a patriot. However, the tone of the propaganda became more glorifying with the publication of his collected works in 1946 and his new biography in 1947 (Keegan, 2019).

Although World War II had ended, its effects were still being felt. From 1946 onwards, drought and famine struck certain parts of the Soviet Union. While the state took care to increase its own food supplies, those in towns and villages were limited once again. Agricultural production ground to a halt.

During this period, Stalin focused on infrastructure projects. Power plants, large canals and railways to the polar region were constructed. While these developments were taking place within the borders of the Soviet Union, the world was experiencing a period of change. A new era had begun. Britain had weakened, while France and Germany had lost their former power. Two new superpowers were rising: The USA and the Soviet Union, located on opposite sides of the ocean. Stalin was aware of what was happening. During World War II, the United States had developed the atomic bomb, an extraordinarily powerful weapon capable of causing mass destruction. Stalin predicted that war would not break out any time soon. However, he also knew that he could not afford to fall behind his rival in the arms race. To this end, he ordered the production of the atomic bomb and intensified nuclear weapons research. Stalin also predicted that a nuclear war could bring about the end of the world. In this context, he paid particular attention to the development of the atomic bomb (Nye & Welch, 2013).

In 1945, the USSR and the USA emerged as the victors of the global conflict. Other states around the world then had to determine their position in relation to these two focal points. It was under these conditions that the bipolar world was born. Although the devastating effects of World War II had ended, a different war was about to begin. Across the ocean, the USA began to take initiatives against the USSR. The US was focused on protecting its interests on every continent. It established air bases in Africa and Asia, and launched the Marshall Plan to reduce the Soviet Union's influence in Eastern Europe. In 1949, NATO was established under US leadership to counter the Soviet Union. This led to an even more pronounced polarisation. Stalin's methods were slightly more complex. Elections in Eastern European countries were rigged to create the Eastern bloc. Communist regimes subsequently came to power in Poland, Hungary, Bulgaria, Romania and Czechoslovakia. Furthermore, the Soviet model was imposed on these countries. Therefore, multi-party elections were abolished, agriculture was collectivised and economic autonomy was pursued through investment in heavy industry. This created new Soviet-oriented allies in Eastern Europe. In 1949, Stalin organised the economic life of the people's democracies through the Council for Mutual Economic Assistance (COMECON). In response to the Federal Republic of Germany's entry into the Atlantic Pact, the Warsaw Pact was established to counterbalance NATO (Keegan, 2019).

Stalin died on 5 March 1953. Following his death, the Central Committee adopted the collective leadership model. Subsequently, the Soviets pursued a policy of détente. Hostility towards the USA softened, and industrial policies, in which Stalin had been particularly interested, were suspended to a certain extent while agricultural production was supported. General amnesties were issued, resulting in the release of most of the people imprisoned by Stalin. Consequently, the number of prisoners in the country almost halved. One of the things that Stalin did best during his reign was to promote industrial development. Five-year plans rapidly industrialised the Soviet Union. Between 1928 and 1938 in particular, serious investments were made in heavy industry, and the USSR became one of the world's leading industrial powers. Another important development during the Stalin era was in the field of education. Thanks to policies pursued since the late 1920s, the Soviet Union's literacy rate increased rapidly. A free education system was established, giving the Soviet people access to education. All this resulted in developments in technology. Soviet engineers and scientists conducted significant research in physics, chemistry and engineering. Investments were made in aviation and space technologies, laying the foundation for the launch of the Soviet space programme in subsequent years. It was in this context that the Soviet Union became the first country to send a man into space. During the Stalin era, state-sponsored healthcare programmes were introduced, making healthcare free of charge. Above all, the Soviet Union became one of the world's two superpowers alongside the USA during this period (Bortali, 1975).

6. THE POST-STALIN PERIOD AND THE DISINTEGRATION OF THE USSR

Following Stalin's death, the first thing to attract attention was the power struggle among his successors. Nikita Khrushchev eventually became leader on 7 September 1953. During the Khrushchev era, significant changes were made to the repressive policies. In this context, many prisoners in labour camps were released. However, this period was also one of confrontation. At the 20th Communist Party Congress in February 1956, Khrushchev criticised the events of Stalin's rule, describing this period as one in which the cult of personality had destroyed democracy within the party, causing people to live in fear. The era of moderation in foreign policy and the reconstruction of egalitarian socialism at home had

begun. However, efforts to reform the economic system, particularly in agriculture, weakened Khrushchev's position. Attempts at decentralisation in different industrial sectors, opening up the eastern 'virgin lands' to agriculture, intensive corn cultivation and various modernisation campaigns did not yield the expected results. Khrushchev wanted to be remembered as the founder of East-West dialogue and the creator of agricultural prosperity, and his campaign based on corn cultivation immortalised this image. However, his rule did not last long. Failed reforms in domestic politics and events that damaged the Soviet image abroad, such as the construction of the Berlin Wall and the Cuban Missile Crisis, led to a decline in confidence in him. By October 1964, unrest within the Soviet leadership had escalated, eventually resulting in a coup d'état (McCauley, 1998).

On 14 October 1964, Khrushchev was dismissed due to his advanced age and health issues. Leonid Brezhnev was appointed First Secretary of the Party. Brezhnev's rule is considered a period of partial stability. However, many historians believe that these years were actually a period of stagnation. From 1965 onwards, under Brezhnev, the Soviets entered a period of détente, known as 'détente'. Close relations were established with the USA, and mutual agreements were made to limit nuclear weapons. Domestically, economic policies were pursued to maintain the status quo. However, this would lead to a rapid decline in the Soviet economy during the subsequent period. This was because the Brezhnev government did not have a plan to develop the economy. In fact, Brezhnev prioritised stability and maintaining the Soviet superpower status over prosperity. At this time, the Red Army controlled a vast area stretching from Central Europe to the Far East. The Soviet space programme continued to be carried out successfully. In 1968, the Prague Spring movement emerged in Czechoslovakia. This movement, which began in Prague, called for an end to censorship and for political liberalisation. However, on the night of 20 August 1968, the Red Army invaded Czechoslovakia and suppressed the movement by force. In doing so, Brezhnev demonstrated that no movement challenging Soviet hegemony would be tolerated. However, structural problems such as economic inefficiency and high military expenditure continued to worsen during this period. These issues would begin to have an impact over time (Partos, 1993).

In the 1970s, Eastern European countries adopted a new economic policy fuelled by an influx of foreign capital. The governments of Poland, Romania and Czechoslovakia turned to the West for assistance in modernising their countries. The détente of this period facilitated investment policies. In this context, the population benefited from increased production of consumer goods and imports from the West. However, this relative abundance was insufficient to offset the shortcomings of the cumbersome bureaucracy. The level of economic progress was insufficient to provide relief to Eastern European countries, whose external debts had grown considerably. Disarmament negotiations began with the Vietnam War, which damaged the USA's image and was not supported by public opinion. These negotiations led to many agreements. The Nuclear Arms Reduction Treaty (1970) and the Strategic Arms Limitation Treaty (SALT, 1972) in particular were seen as a turning point in détente policy (Dallin, 1957).

By the end of the 1970s, Brezhnev's health had begun to deteriorate. Although he was gradually moving away from the administration, he remained in de facto power. Gradually, the administration began to be taken over by older party members. In 1979, a decision made by these party members led to the further collapse of the already weakened Soviet economy. In December 1979, the government began sending troops to support the communists in neighbouring Afghanistan. What seemed simple in theory soon turned into a tragic military operation. As the war dragged on, military casualties began to mount. The Soviet Union had to allocate billions of roubles each year for the duration of the war. Gorbachev also inherited the impasse in Afghanistan. According to Gorbachev, Afghanistan was the Soviet Union's bleeding wound. For the country to recover, especially economically, it was urgent to withdraw. However, the Soviet Union's withdrawal from Afghanistan would take time. The last troops could only return home on 15 February 1989. The war in Afghanistan had been extremely destructive for the Soviet Union. It also resulted in a loss of international prestige and dealt a significant blow to the Soviet ideal. Nevertheless, the war in Afghanistan was just one factor contributing to the collapse of the Soviet Union (Partos, 1993).

7. THE ECONOMIC REFORMS OF THE GORBACHEV ERA AND THE DISSOLUTION OF THE USSR

Following the brief leaderships of Andropov and Chernenko, Mikhail Gorbachev took power in 1985 and placed an emphasis on modernising the economy. This required a rapprochement with Western countries that could provide technology and credit facilities. The abandonment of attempts to stop anti-communist regimes in Central and Eastern Europe, coupled with non-opposition to German reunification, marked the beginning of a positive period of détente. COMECON and the Warsaw Pact were dissolved. The USSR parted ways with Third World countries such as Cuba, those in Africa, and Vietnam (Breslauer, 2002).

7.1. Socialism Becomes Discredited

Gorbachev initiated a comprehensive reform of the system. Gorbachev clearly stated that socialism was not the model system. Gorbachev's primary aim throughout his rule was to find a solution to the problem of Soviet stagnation and to introduce reforms in order to turn over a new leaf. For this purpose, he first initiated a reform programme called 'Perestroika'. This programme meant a partial loosening of centralised control in the economy (Kohler, 1989). In other words, in the following period; factories that were completely under state control were to be made semi-autonomous, production quotas previously set were to be abolished, and enterprises were to be allowed to make their own production and sales planning. Foreign investors would also be allowed to invest in the Soviet Union on a limited basis. In this context, for example, McDonald's, an American company, started to serve in Moscow in 1987 (Brzezinski, 1989). These moves were expected to revitalise the economy. However, it did not work out as expected. After many years of functioning of the system, the discrepancies between the ideology on which it was based and social reality became visible even in the Soviet Union. The state hoped that the Perestroika policy would reintegrate Soviet society, but this was seen as a move against the regime. This was because, while the old system was rapidly disintegrating, the new market dynamics were not yet established. Eventually, even Gorbachev himself had to admit this (Karluk, 2002).

The main aim of Gorbachev's Perestroika policy was not to transition to a real democracy and a market economy, but rather to preserve the existing system by making certain concessions. However, Gorbachev's attempts to overcome the stagnation in the foundations of the system ultimately led to the collapse of the country. The second pillar of Gorbachev's reforms was the policy of political openness, or 'Glasnost'. Until this period, the Soviet Union had implemented an intense policy of censorship. With Glasnost, this censorship was significantly loosened. Previously banned books and films were published once more. In particular, actions taken during the Stalin era were now being discussed and criticised. Even the state newspapers Pravda and Izvestiya started to publish bold news stories (Ligaçov, 1995). Allegations of corruption, environmental pollution, alcoholism, and the structural economic weaknesses of the Soviet system thus became public issues. However, the Chernobyl disaster in April 1986 would prove to be the real test of Gorbachev's glasnost policy. Initially, the authorities attempted to conceal the scale of the nuclear explosion in the region. However, the resulting international pressure was much greater than expected. Ultimately, on 14 May 1986, Gorbachev was compelled to disclose numerous details by appearing on television (Breslauer, 2002).

7.2. Consequences of the Rapid Transition to a Free Market Economy

The goal of the rapidly increasing number of independent countries after World War II has been to reach the living standards of developed countries. Until the 1980s, most countries adopted the import substitution industrialisation policy to achieve this goal. The main reasons for adopting import substitution policies during this period were distrust of unregulated markets and the success of the Soviet Union's planned economy. These policies consisted of import controls, overvalued exchange rates, interest rates that could not exceed a certain level, public ownership of industrial enterprises, and widespread price controls. The aim was to encourage national industries to produce the goods that the country imported. However, the oil crisis that began in 1974 seriously hindered the development of national industries. By the end of the 1970s, the failures of import-substitution industrialisation based on protectionism, subsidies and regulation in developing countries had become apparent (Krueger, 1993).

The economic success of East Asian countries, which enabled free trade and foreign investment, set a good example for other developing countries. Following the Third World Debt Crisis in 1982, many developing countries abandoned interventionism and protectionism in favour of neoliberalism. The most significant outcome of this shift towards global integration was the collapse of communism in 1989. Following the rise of neoliberalism in the 1980s, illiberal policies were widely abandoned around the world (Chang, 2015).

The main trends of capitalist transformation that began during the Gorbachev era and continued in the Soviet Union thereafter included price and trade liberalisation, financial liberalisation, privatisation, reorganisation of state-economy relations, economic stabilisation and labour market regulation. However, the new economic reforms implemented after the dissolution of the Soviet Union were detrimental to the economy. This is because the Soviet economy lacked the strength to withstand international competition in its existing industries. Developed countries such as the United States, the United Kingdom, Germany and France were monopolised by the capitalist system and had a significant influence on world markets and production. In this context, these countries established influential institutions such as the IMF and the World Bank, which prevented the emergence of a new economic structure that could compete with existing world economies (Chang, 2015).

Following the dissolution of the Soviet Union and centralised economic systems, Eastern European countries have taken important steps towards establishing a democratic political order and a free market economy similar to that in Western Europe. The main changes resulting from the transformation policies are the liberalisation of foreign trade, the elimination of the state's foreign trade monopoly, and the abandonment of export and import licences and strict quantity restrictions. The main instruments of liberalisation include granting foreign trade authorisation to all enterprises rather than state institutions, using a tariff system instead of quantity restrictions, keeping tariffs low and allowing enterprises and households to freely buy and sell foreign currency (Kudrov, 2003).

From the 1980s onwards, economic reforms were implemented in socialist countries under Soviet rule to establish free market conditions. The argument was that the free market would yield more profitable results for national economies than the protectionism advocated by socialism. However, the United States rejected free market conditions in the 19th century. England took 100 years to gain the power to compete in the textile sector, pursuing protectionist policies during this process. It took the United States around 130 years to develop its economy to the point where it could feel secure using tariff protection. Without protectionist policies, Japan might still be mainly exporting silk, England wool and the United States cotton. It is impossible to accept that the Soviet economy could have reached the level of maturity achieved by the United States and other countries in just 70 years. Under these regulations, stores in Soviet countries were filled with foreign goods that local producers could not compete with, resulting in significant production declines. The Soviet Union attempted to implement free market conditions before reaching a competitive level and faced an inevitable outcome (Lavigne, 1999).

8. CONCLUSION

In 1917, the Tsarist regime in Russia was overthrown by revolutionary groups, including the Bolsheviks. Following the civil war, the Bolsheviks established the Union of Soviet Socialist Republics (USSR) within the borders of the Russian Empire on 30 December 1922. With Joseph Stalin's rise to power in 1924, a command economy was established, with totalitarian control over political, social, and economic life. In this context, Soviet leaders began to decide on the social and economic goals of the state. To achieve these goals, they gained control over all social and economic activities in the country. Officials managed the significant amounts of information necessary for centralising the planning of both production and distribution. Hierarchical structures were instituted at all levels of economic activity, with superiors having absolute control over the norms and parameters of planning assignments, as well as setting regular performance evaluations and rewards.

The Soviet Union experienced rapid economic growth in its early years. A period of rapid modernisation was brought about by the intense focus on industrialisation and urbanisation at the expense of personal consumption. However, as it began to catch up with the West, its ability to borrow new technologies and the resulting productivity gains quickly diminished. Piecemeal reforms, such as

the Sovnarkhoz reforms implemented by Nikita Khrushchev in the late 1950s, attempted to decentralise economic control and allow for a 'second economy' to address the growing complexity of economic affairs. Attempts to decentralise various sectors of industry, open up the East's virgin lands to agriculture, cultivate corn intensively and modernise failed to produce the expected results. However, these reforms undermined the foundations of the command economy's institutions, and Khrushchev was forced to "re-reform" and return to centralised control and coordination in the early 1960s. Ultimately, these reforms failed to revive the increasingly stagnant Soviet economy, and by the early 1980s, productivity growth had fallen below zero.

The ongoing weak economic performance resulted in a more radical and comprehensive set of reforms under Mikhail Gorbachev's leadership. While attempting to maintain central control over primary social objectives, he also sought to decentralise economic activity and open up the economy to foreign trade. He openly stated that socialism was not a viable model. His main objective during his time in power was to solve the problem of stagnation facing the Soviet Union and implement reforms to turn over a new leaf. To this end, he launched a reform programme. This restructuring, referred to as perestroika, encouraged individual private incentives and created greater openness. Perestroika was in direct opposition to the previously hierarchical nature of the command economy. However, greater access to information fostered criticism of Soviet control, not just of the economy, but of social life too. When the Soviet leadership relaxed control in an attempt to save the struggling economic system, they unwittingly created the conditions that would lead to the dissolution of the country. While Perestroika initially seemed successful, with Soviet firms taking advantage of new freedoms and investment opportunities, optimism soon faded. The late 1980s and early 1990s were marked by a severe economic downturn, which would be the final years of the Soviet Union. The transition from Gorbachev's managed planned economy to a market economy was unpredictable and unplanned. This resulted in a failed transformation. The free market was believed to yield more profitable results for national economies than the protectionism advocated by socialism. However, following these reforms, Soviet countries' stores were flooded with foreign goods that local producers could not compete with, resulting in a significant decline in production. The Soviet Union attempted to implement free market conditions before reaching a competitive level, with an inevitable outcome. In countries that have not completed their democratic institutionalisation, such a collapse is inevitable when a relatively free period is experienced.

Ethics Statement: In this study, no method requiring the permission of the "Ethics Committee" was used.

Author Contributions Statement: 1st author's contribution rate is 100%.

Conflict of Interest: There is no conflict of interest among the authors.

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