

# Recession of the second half of 1960 – the beginning of the 1970th years: causes and factors of the economic crisis of the regions of the USSR

## Recesión de la segunda mitad de 1960 - comienzo de los años 1970: causas y factores de la crisis económica de las regiones de la URSS

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#### ABSTRACT:

The historiography of recent decades, traditionally refers to the collapse of the Soviet Union to the sluggishness of the state system to the economic and technological challenges of the second half of the twentieth century, its inability to adapt to the rapidly changing processes that took place in the world space, etc. In our study, we abstract from global processes and reflect on the level of the republic, why the growth indicators of the republican industry of the mid-twentieth century were replaced by stagnation and decline of the second half of the century. The aim of our research is to study the causes and factors of the industrial decline in The Tatar Autonomous Soviet Socialist Republic (nowadays, Tatarstan, Russia) in the end of 1960-1970 years. The research methodology is based on the principles, approaches and methods of scientific knowledge. The authors relied on the idea of

#### RESUMEN:

La historiografía de las últimas décadas, tradicionalmente se refiere al colapso de la Unión Soviética a la lentitud del sistema estatal a los desafíos económicos y tecnológicos de la segunda mitad del siglo XX, su incapacidad para adaptarse a los procesos rápidamente cambiantes que tuvieron lugar en el espacio mundial, etc. En nuestro estudio, nos abstraemos de los procesos globales y reflexionamos sobre el nivel de la república, por qué los indicadores de crecimiento de la industria republicana de mediados del siglo XX fueron reemplazados por el estancamiento y el declive de la segunda mitad del siglo. El objetivo de nuestra investigación es estudiar las causas y los factores del declive industrial en la República Socialista Soviética Autónoma Tártara (hoy en día, Tatarstán, Rusia) a fines de 1960-1970. La metodología de investigación se basa en los principios, enfoques y

dialectical development, which is the basis for such principles of historical research as historicism, objectivity and systemic character. The study showed that the Soviet industry of the second half of the 1960s-1970s was in a very difficult situation. State problems in the field of industrial construction were supplemented by internal problems, which over time turned into an avalanche (conglomeration) of problems. Errors of an organizational and economic nature, accompanied by problems of a political, nationalistic nature, led to the rapid collapse of the Soviet Union.

**Keywords:** Russia, USSR, Tatar ASSR (Tatarstan), industry, crisis

métodos del conocimiento científico. Los autores se basaron en la idea del desarrollo dialéctico, que es la base de los principios de la investigación histórica como el historicismo, la objetividad y el carácter sistémico. El estudio mostró que la industria soviética de la segunda mitad de los años 1960- 1970 estaba en una situación muy difícil. Los problemas del Estado en el campo de la construcción industrial se vieron complementados por problemas internos, que con el tiempo se convirtieron en una avalancha (conglomeración) de problemas. Los errores de naturaleza organizativa y económica, acompañados de problemas de naturaleza política y nacionalista, condujeron al rápido colapso de la Unión Soviética.

**Palabras clave:** Rusia, URSS, ASSR tártaro (Tatarstán), industria, crisis

## 1. Introduction

The period of 1960s-beginning of 1970-s in the industry of the Tatar ASSR was by the continued growth of industrial production, a high rate of which was set in the middle of the twentieth century. Prominent development received such industries as gas, chemical (paint and varnish, photochemical), petrochemical (chemical and pharmaceutical), machine building and metalworking, furniture, the production of prefabricated reinforced concrete structures and parts, sewing and confectionery industries.

However, during this period the first serious difficulties began to appear, which served as a brake on the republic's progressive development.

## 2. Methodological Framework

In this research the author relied on the idea of dialectical development of a separate region of the USSR in the period 1960 - 1970s. When characterizing any considered phenomenon and process, the order of its sequential study was observed, taking into account the peculiarities of its development under the influence of various internal and external factors.

A considerable number of studies have been devoted to the study of the development of socialist industry and the specific features of its development using the example of concrete regions. Among them, a special place is given to the works of Western scientific thought. A significant place in the research on the industrial development of the Soviet Union is given to the works of Western scholars M. Evangelista (Evangelista M. 1986), Heleniak T. (Heleniak T., 1990), W. Rostow (Rostow W. 1960), and others. A special place in the study of mechanisms of the formation of a regional management system in the Soviet state is devoted to the work of predominantly Russian scientists such as Anadzhanyan A.G. (Anadzhanyan A.G., 2007), Bazov Y.V. (Bazov Y.V., 2005), Zinovieva L.G. (Zinovieva L.G., 2006) and others.

## 3. Results

The second half of the 20th century was marked by a gradual slowdown in the growth rates of both the all-Union economy and concrete regions. Among them, the Tatar ASSR took a special place. The leadership of the republic tried to solve the problems of reducing the growth of the regional economy in various ways, but the situation remained difficult.

An important problem was the underfunding of the republic's enterprises. Because of the lack of financial resources for the development of local industry by the Council of Ministers of the TASSR in the early 1970s. even a special fund for the development of local industry was created. However, his activities had practically no positive results. As practice has shown, most of the allocated funds to needy and under construction enterprises did not reach. So, in particular, as soon as the fund for the development of local industry of the Russian Soviet Federated Socialist Republic (RSFSR) ceased the funding for the construction of the factory of

art products and the engineering corps of the design bureau, no funding from the local fund of the Tatar ASSR was made (National Archive of the Republic of Tatarstan) .

In a number of cases, enterprises not only did not receive assistance from state and republican government bodies, but on the contrary, they also their vital means were withdrawn. For example, from the bakery industry, according to the plan for the development of the national economy, a total sum of 537,000 rubles was withdrawn into the all-Union fund of financial resources (of which sum, 234,000 rubles for the expansion of industry, 200,000 rubles for the development of production, 42 000 rubles for the fund of social and cultural events, while the remains of the funds of social and cultural events and the development of production on the January 1, 1973 were 61 000 rubles), while for the industry required the necessary financial investments in the amount of 750 000 rubles, which was caused by industry lagging behind the indicators of neighboring regions and republics, and a number of enterprises in general were in an emergency condition and did not produce products at all (National Archives of the Republic of Tatarstan).

In addition to a significant number of enterprises that did not cope with the norms of the plans, the low quality of manufactured goods and the frequent idle time of industrial equipment remained an important problem. So, in 1967, the Tatar republican department of state inspection for the quality of goods and trade in the RSFSR rejected out of the checked-in quantity: 14.4% of fur products, 11.4% of garments, 14.5% of headwear, 9.5% of leather shoes, 33.2% of furniture. The Arsk and Dubyaz factories of the national footwear, Arsk, Baltasi, Bugulma, Mamadysh and Tjulyachin district (city) industrial enterprises were especially unsuccessful (National Archives of the Republic of Tatarstan). In 1969, as a result of inspection of 36 enterprises of the republic, it was found out that a significant part of the metalworking equipment was either not used at all, or was idle for several shifts. At the enterprises surveyed, 29.6 thousand pieces of production equipment were installed, 20.9 thousand of them in the main production. On the day of the survey, 4838 units of metalworking equipment or 16.4% of the number of installed ones did not work the whole day; 3822 metal cutting machines, 687 forging and pressing machines, 84 units of foundry equipment and 245 electric welding machines. In the main production, 2909 metal cutting machines or 17.7% of installed equipment did not work. In general, 32% of all metal-cutting machines were idle due to a lack of specialists in their maintenance; 21.5% - due to lack of materials, blanks and parts; 9% - were superfluous or were in reserve (conservation); 13.5% (or 393 machines) - were in planned repair and modernization; 24% - other downtime (National Archives of the Republic of Tatarstan).

Very often even new equipment was introduced very slowly into the production process. Most of the equipment that should be installed was installed only within a year after its release. ¼ part was put into operation within 2 years. At the same time, there were cases when equipment was stored in warehouses for 2-3 years or more. Such equipment in the national economy for the period of 1977 was available for a total of 45 million rubles, including 4.7 million rubles was not used for more than 5 years. So, more than 35 million rubles were equipment to be installed in the warehouses of the Nizhnekamsk petrochemical combine, the Ministry of Petrochemical Industry of the USSR, most of which had not been used since 1973, at the same time there was equipment that lay without traffic for 8-10 years . On KamAZ, the equipment to be installed was available for 184 million rubles, including 144 million rubles (or 79%) imported. This equipment was in warehouses of the enterprise for more than 3 years (National Archives of the Republic of Tatarstan).

The main reasons for the formation of surplus equipment were:

- change of projects of the objects that were building and technology at the reconstructed enterprises;
- the supply of equipment by the ministries, not taking into account the possibility of their use on the ground (for example, due to inadequate production facilities).

As a result, in the warehouses of enterprises and organizations, new equipment that was surplus for them was left: from 2 to 3 years - 36%, from 3 to 5 years - 34%, over 5 years - 24%. Thus, 58% of all surplus new equipment was not used within 3-5 years or more. So, at the Nizhnekamsk Tire Factory 11 machines for the determination of the strength and deformation of the rubber, that were issued in 1974 on the total amount of 55,000 rubles, were not installed in time, and became surplus in the future; Since 1970, the Kazan Chemical Factory of the Ministry of Medical Industry of the USSR did not use various equipment worth 68 000 rubles (National Archives of the Republic of Tatarstan).

It is also interesting fact that a part of the equipment at the enterprises and organizations of the republic was installed, but it was not put into operation at the same time. At the beginning of 1977, this kind of equipment was worth 266.8 million rubles, including 166.4 million rubles (or 62%) imported. Only Kama Automobile Factory (KamAZ) concentrated equipment worth 99.5 million rubles, which was in the installation, and for the amount of 86.3 million rubles installed, but not put into operation (76% of this equipment was imported) ( National Archive of the Republic of Tatarstan).

In total, 98.8% of all equipment installed and assembled, but not put into operation, was concentrated at the enterprises of Union and Union-republic subordination. At the enterprises and organizations of the republic subordination such equipment was available at 3.2 million rubles or 1.2% of the total.

A problem that could not be solved throughout the entire post-war development of the republican industry was the constant assignment of the norms for the fulfillment of plans. Only in 1978 there were overestimations for paid construction and installation works and unfinished production for 5947 thousand rubles, including the additions for the amount of 1,754 thousand rubles. Particularly often in the associations of Tatneftestroy and other construction organizations and enterprises of Tukaev, Chistopol, Kuibyshev, Aznakay, Baltasi and Zelenodolsk districts the facts of assignment took place. At the same time, similar facts were noted at 23 industrial enterprises, and in particular at the Pobeda Labor factory in Zelenodolsk district, the Kazan factory of cardboard and polygraphic products of the Ministry of Local Industry of the Tatarstan, and others (the National Archives of the Republic of Tatarstan).

Everywhere, in all branches of the republican industry (with the exception of the heat and power generation industry), there was an increase of the absenteeism. The largest number of the absenteeism in the second half of the 1970s. was observed in the chemical and rubber-asbestos, as well as in the timber and woodworking industries. The fluidity of the workforce was also great. At the enterprises of the Bakery Industry Administration under the Council of Ministers of the TASSR, it was 18.2%, at the association "Tatar Construction Materials " its amount was 15.8%. In addition to all this the percentage of the reduction in absenteeism also remained almost unchanged. For 6 months of 1977 the number of workers who committed absenteeism to the average number of workers for the association "Tatarstroimaterialy" was 22.7%, the Department of Bakery Industry under the Council of Ministers of the Tatarstan Republic - 7.7%, the Ministry of Fuel Industry of the Tatarstan Republic - 5.7%. (National Archive of the Republic of Tatarstan).

As a result, we can distinguish the following factors, which reduced the efficiency of the republican industry:

- underfunding of the republic's enterprises;
- low quality of products;
- idle equipment and its slow introduction into the production cycle;
- surplus (unnecessary) equipment (Gapsalamov, A.R., 2015, Gapsalamov, A.R., 2016).

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## 4. Conclusions

A brief review showed that the Soviet industry of the second half of the 1960s-1970s was in a

very difficult situation. State problems in the field of industrial construction were supplemented by internal problems, which over time turned into an avalanche (conglomeration) of problems. These included inefficient use of financial resources by enterprises of the republic, withdrawal of necessary financing from the enterprises, low quality of manufactured goods, frequent idling of industrial equipment, absenteeism, etc. The subsequent transformations could not solve these problems. Errors of an organizational and economic nature, accompanied by problems of a political, nationalistic nature, led to the rapid collapse of the Soviet Union.

The materials of the article will be of interest to representatives of executive and legislative authorities involved in coordination and planning of staffing in the region, as well as scientists involved in the study of the history of the regional economy.

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