

increase in efficiency to be accomplished by the scientific and technical updating of production. With economic priorities dedicated primarily to the solution of social problems, other key objectives of the strategy included: (a) the replacement of the system of administrative-command by economic management based on carefully defined marketing arrangements, the self-financing of state enterprises and workers' participation in the self-management of enterprises; (b) flexible small-scale arrangements for cooperative and individual participation in production activities and services in urban centres and in agriculture; (c) educational reforms to upgrade the technical skills of the labour force; (d) price reform and the staged convertibility of the ruble; (e) effective exploitation of international trade and credits, joint ventures and acquisition of advanced technology, particularly through the expansion of bilateral relations with Western countries, and through participation in multilateral institutions.

This strategy forecasts a doubling of the global value of production and of the national income by the year 2000, so that the Soviet peoples would then enjoy a level of abundance in the supplies of food, consumer goods and housing. Dynamic increases would also be generated in Soviet trade with the "capitalist" countries and would lead to a more complete integration of the Soviet economy in the international division of labour. These projections assumed the maintenance of peace, acceptable disarmament agreements with the West, and a related shifting of resources from the defence sector to the civilian sector of the Soviet economy.

Implementing the Economic Agenda: Problems and Difficulties

In the fifth year of his leadership Gorbachev remains firmly committed to the objectives of economic *perestroika*, but he has had to recognize that very formidable obstacles and complications, with interweaving subjective and objective features, not clearly foreseen earlier, render target dates of progress far too optimistic. Larger annual budgetary deficits and the failure of important sectors of industry to recover a dynamic rate of growth are simply two obvious manifestations of the deep-rooted malaise afflicting the economy at the end of 1989. These difficulties, particularly, as detailed below, those on the subjective side relating to growing social unrest, have led the Soviet Government to introduce in mid-December a refashioned five-year plan that provides for a radical