

REVIEW OF THE BACHELOR'S THESIS EXTERNAL REVIEWER

Student's name: Viktoria Vaneeva.....

Thesis title: An Analysis of Contribution of the USA to the Economic Collapse of the Soviet
Union

Name of the thesis external reviewer: Ing. Lukáš Máslo, PhD.....

	1	2	3	4
Assessment of the topic itself (irrespectively of the student):				
1.1 To what extent is the topic current and significant?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1.2 How challenging is the topic in respect of theoretical knowledge?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
1.3 How challenging it in respect of practical experience or fieldwork?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1.4 How difficult is it to get background materials?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Verbal assessment (several sentences), in particular:

Other (as appropriate): The author decided to join the discourse about the causes of the breakdown of communist regimes. There are two opposing stances on this question. According to some scholars, the communist regime is sentenced to either an unavoidable collapse or a gradual transformation into a mixed or pure-market economy on the grounds of the fundamental impossibility of economic calculation under state-ownership and impossibility of efficient allocation of resources under the central planning. According to other scholars, the socialist system is sustainable in itself but it is less competitive with respect to the market system and so the external pressure in the conditions of a bipolar world results in a defeat of the socialist system. A middle position states that the economic system of central planning and state ownership is sentenced to a breakdown because of the impossibility of economic calculation and efficient allocation of resources and the external pressure exerted by more efficient market economies can speed up this process. The author takes this last stand and focuses on the contribution of particular external factors to the final collapse of the economic and political system of the Soviet Union.

2. Evaluation of the thesis structure and logical cohesion:

2.1 To what extent is the thesis structure logical and transparent?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2.2 To what extent does the author use current / suitable sources?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2.3 How properly did the author select methods in respect of the topic?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2.4 How sufficiently and functionally did the author use in the thesis original charts, tables, data, annexes, etc.?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Instructions for the review: Author of the review must provide verbal assessment for the specified subsections, which are pivotal for the thesis assessment, particularly for the defense; therefore, the assessment must have reasonable explanatory power.

Note: Classification method: 1 = exceptional, 2 = very good, 3 = good, 4 = failed.

2.5 What is the compatibility level for the thesis basic line elements:
topic – thesis assignment – objective – structure - conclusions? ☒ ☐ ☐ ☐

Verbal assessment (several sentences), in particular:

3. Assessment of the thesis text quality:

3.1 How well – in terms of depth and quality – did the author analyze the topic?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.2 Did the author formulate the thesis objective clearly and with logical structure?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3.3 Did the author fulfill the defined thesis objective and approved assignment of the thesis that contains the objective?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.4 How well – in terms of depth and quality – did the author cover the theoretical part of the thesis?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
3.5 How well – in terms of depth and quality – did the author cover the practical / analytical part of the thesis?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.6 To what extent are the thesis conclusions logically structured and show quality, and what is their added value?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Verbal assessment (several sentences), in particular:

Subsection 3.1:

The author analyzes the problem very thoroughly in both the extent and depth. The list of used references is respectable. It should be especially appreciated that the author works with both the English and Russian resources, discovers Russian economic, statistical and historical resources to an English reader which is a valuable enrichment to the scientific discourse on this topic in the English language.

Subsection 3.2:

The formulation of the objective is one of the main weaknesses of this thesis. The author states: *“The main objective of my work is to assess the effect of anti-communist policy of the United States on the economic crash of the Soviet Union. The hypothesis of the thesis is that the strategy of the US and, in particular, policy of President Reagan and his administration contributed significantly to the economic collapse of the USSR. My research is aimed at evaluation of the internal factors of the Soviet crash as well. The study includes the identification of economic weaknesses of the USSR in the 1970s and 1980s.”* (p. 2) Such a formulation is tremendously vague, though. The author does not specify what she understands by “significant contribution”. The author does not provide the reader with any criteria to decide what is significant and what is not significant contribution. There is no benchmark, here, by which she could measure the significance.

The author pinpoints several main external factors of the collapse: a) the US embargo on export of technologies that could be of any use to the Soviet military; b) the initiative to torpedo the construction of the trans-Siberian pipeline; c) the effort to cut off the inflow of hard currencies from the oil and gas export to the Soviet economy, especially by artificially pushing down the world oil price; d) the effort to exhaust the Soviet economy in the arms race, especially by the SDI; e) other economic sanctions against the USSR. My objections here:

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- 1) Figure 8. - the grain imports from the USA seem to be completely unaffected by the alleged restrictions of grain exports to the USSR. However, the author states: *“After the Soviet invasion of Afghanistan, the share of the US in grain imports to the Soviet Union has decreased sharply to half of the total imports, and then in 1981 the US share was only 25 % of the Soviet imported goods (Figure 8).”* (p. 25). My objection is that the imports from the USA decreased only relatively, but they kept stable in absolute terms. If there was any grain export restrictions imposed by the USA, I would expect a significant decrease in the exports also in absolute terms. Can the author explain this?
- 2) How is it possible that despite all the sanctions and embargos imposed by Carter and Raegan, the *“imports from the US increased from 1980 to 1982 by 50 %, and then in 1985 it added 14 % more, what made it the third biggest importing country to the USSR in 1985 (Table 7).”* (p. 33). This does not make sense to me.
- 3) A following sentence sounds strange: *“Based on such inducements, Reagan increased a five-year defense budget by \$400 million comparing to Carter’s increase, which in total was \$1.6 trillion – the largest US military spending during peacetime.”* (p. 18) $1.6 \text{ trillion} = 1.6 \times 10^{12}$, $400 \text{ million} = 4 \times 10^8$. In that case, Carter’s defense budget would be 4 orders of magnitude higher than Raegan’s. Did the author mean 1.6 billion, maybe?
- 4) *“President Reagan was the only one of the American presidents before him, who was in favor of total abolishment of nuclear arsenals.”* (p. 36) That sounds like contradicting the well-known statement that Raegan wanted to exhaust USSR in arms race. Could the author explain this?
- 5) Table 8 - the entry “Warheads” is present twice in the table. Which one is true?
- 6) *“Finally the solution was found – to drive global oil prices down and thereby undercut the world supply for Soviet oil.”* (p. 42). - “undercut the world supply for Soviet oil” does not make sense. What did the author mean?
- 7) “to obtain the minimum level of oil revenues” (p. 45/46) - Did the author mean “maximum level”?
- 8) *“American President and the CIA director persuaded Fahd to shift Saudi oil supply by reducing the prices in order to shatter the Soviet economy.”* (p. 46) - it should be vice versa, reduce prices by shifting oil supply
- 9) Table 11 - the total Soviet defense spending for 1989 is 75,200 million rubles. That is an annual increase by 272 %. Is it a correct? In that case, the decrease in spending which the author states on the previous page 52 would be only a relative decrease resulting from the increase in the base because the spending on military aid to Afghanistan increased by more than 100 % with respect to 1988.
- 10) The author states that the ratio of the fuel export revenues to the budget was pretty low in the 1980s, falling from 10 % to 5 % in 1990. The author points out that the artificially incurred fall in oil prices was less a problem for the Soviet budget than for the Soviet foreign exchange management. Soviets needed hard currencies to import grain and other goods from the West. Shortage of hard currencies meant less imports, less imports meant social disturbance. Why, then, did the author not analyze the Soviet forex management? How did the forex reserves develop over time? We can expect that ruble was overvalued to hard currencies. How much overvalued was it? How did the real exchange rate of ruble to US dollar develop over time? The subchapter about Saudi Arabia was pretty good but without the analysis of exchange rates and forex reserves, the analysis is incomplete and insufficient.

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- 11) The computer revolution which was gaining momentum in the 1970s might explain why the stagnation in the Soviet economy started in this decade, exactly. The author touched upon this problem very lightly. This topic would deserve its own subchapter.
- 12) The author infers an economic stagnation of the USSR from a decreasing growth rates of GNP. Decreasing annual growth of GNP is cannot be called a symptom of economic stagnation. Vice versa, the more developed and the richer a country is, the lower growth rates we can observe because you divide the increments by still bigger and bigger a base.

Subsection 3.4:

The problem with the theoretical part is that there is no theoretical part in this thesis. The chapters 1 and 2 are presented to constitute the theoretical part but there is no theory here. The theoretical part is supposed to expound the analytical apparatus which the author is going to apply in the practical part. For example, it could expound the arguments about the impossibility of economic planning under state ownership of factors of production, allocation inefficiency of centrally planned economy, the differences in the foreign trade in a market economy and in a socialist economy. Next, it could explain the basic mechanisms of the exchange rates, the principle of economic sanctions and its operation, the role of prices in the market economy versus centrally planned economy etc.

4. Assessment of the thesis form and style:

- | | | | | |
|--|-------------------------------------|--------------------------|--------------------------|--------------------------|
| 4.1 What is the formal layout of the thesis? | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4.2 What is the quality of citations and references? Are sources identifiable? | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4.3 What is the stylistic level of the thesis, particularly the use of correct economic terminology? | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

Verbal assessment (several sentences), in particular:

Subsection 4.2:

It is more usual to make a reference in the text than in the footnote. E. g.: “the policy for the enterprises, directed on needs and interests of consumers and employees in order to create more favorable conditions for economic and social development. (Yasin, 2002, p. 41).”

The list of references should be arranged in alphabetical order. The books are not arranged this way. I would also suggest to state the English translation (or English transcription) first and the Russian original second because otherwise there is a problem how to arrange Russian titles in Latin alphabetical order.

5. Overall assessment *(It is necessary to state, whether the thesis meets the requirements of the Methodology of the Faculty of Economics in terms of the quality of contents, scope and formal requirements, whether the thesis is/is not recommended for defense. It may also be nominated for a special award, etc.):*

The author has proved her deep and broad knowledge of the US-Soviet economic (and political) relations in the last decades of the Soviet empire. The thesis is missing a clear-cut objective, the formulation of the central hypothesis is only too vague. The author has not specify the criteria by which she could assess the significance of the US contribution to the economic and

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political collapse of the USSR. An analysis of the Soviet forex reserve management and exchange rate policy is missing. However, despite these shortcomings, the thesis is a solid piece of scientific work which meets all requirements for a thesis at the Faculty of Economics, University of Economics, Prague. I recommend the thesis to a defense.

6. Questions and remarks to the defense:

Could the author react to my objections 1, 2, 3, 4 and 12 in the subsection 3.2?

Proposed grade: Excellent

Date: 1. 6. 2017Signature of the Thesis External Reviewer

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