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Citation Details

Escudero, Abraham. "The Importance of The Cold War and Its Ending, Working Paper No. 82", Portland State University Economics Working Papers. 82. (14 June 2023) i + 35 pages.

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The Importance of the Cold War and Its Ending

Working Paper No. 82

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A Contribution to the Working Papers of the
Department of Economics, Portland State University

Submitted for: EC547 “Economics of Transition” and
EC460 “History of Economic Thought”

14 June 2023; i + 35 pages

Prepared for: Professor John Hall

Abstract: This inquiry seeks to establish that the citizenry inhabiting the two superpowers derived benefits from the Cold War; advantages that appear to have diminished with the start of the Post-Cold War Era. In the 1930s the Great Depression brought into question the efficacy of the Western capitalist system. As a challenge, a Soviet model running on a revolutionary zeal associated with establishing a new society underscored Joseph Stalin’s super-industrialization drive. The citizenry of both superpowers, as well as citizenry around the world, would ultimately benefit from the competition for dominance, albeit with certain costs, especially for human rights. Shifts in economic strategies during the 1980s contributed to asserted dominance of the American capitalist system and to the collapse of the Soviet Union’s “Grand Experiment.” The Post-Cold War era witnessed the undoing of many of the advances achieved during the Cold War era, with implications for the citizenry of both societies.

Journal of Economic Literature Classification Codes: N12, N14, E11, E1

Keywords: Cold War, Superpowers, Citizenry, American Capitalism, Soviet Union, Communism

This inquiry seeks to establish that the citizenry of the two Superpowers derived benefits during the Cold War that appear to have diminished with the start of the Post-Cold War Era. The Great Depression brought into question the efficacy of the Western capitalist system. At the same time, a new and emerging Soviet model seeking to build a socialist society beat the Great Depression with economic planning for high industrial output and the elimination of employment as it had been known. What stands out as noteworthy is that the citizenry of both superpowers, as well as citizenry around the world, would ultimately benefit from the competition between these two systems, albeit with certain costs especially to human rights. The Cold War ran from approximately 1947 until the end of 1991 when the Soviet Union ceased to exist as a legal entity. Along with the Cold War came a multitude of governmental and political figures with varying economic and nationalistic interests. The superpowers of the United States and the Soviet Union advanced programs that would benefit members of their respective societies: with increased education, accelerated urbanization, and demand-led economic activity. A running competition between the economic and social ideologies of the two superpowers—along with technological advancement—would affect outcomes for the citizenry living in both systems.

The Soviet Superpower

Utilizing *The Life and Times of Soviet Socialism*—a novel authored by Alex F. Dowlah and John E. Elliott—teaches us that the rise and collapse of the Soviet Union, and the respective Soviet leaders, and the economic impacts on the Soviet citizenry. After the Bolshevik revolution in 1917, a New Economic Policy (NEP) succeeded a War Communism, between 1918 and 1928. Dowlah and Elliott (1997, 68-69) state that by 1926, the NEP experienced signs of exhaustion in both agricultural and industrial sectors. Agricultural continuously failed to provide a substantial surplus associated with noncooperative private peasantry and more significantly, a discriminately government pricing policy that favored higher manufactured good relative to reduced agricultural goods. In the same year, the industrial sector reached an upper limit on existing abilities, requiring additional new investment to move ahead of existing capacity.

According to Gregory and Stuart (2001, 119), a Soviet education mirrored the official view that education must serve a Marxist-Leninist framework economy. Soviet education dedicated to the development of a new Soviet person, with Communist morality, beliefs, and skills useful to an Soviet economy. In the view of Dowlah and Elliott (1997, 89), the entirety of Soviet society underwent a cultural proletarian revolution occurring

between 1928 and 1931 that incorporated education, cultural, science, technology, arts, and literature. The Soviet came under the influence of state control through indoctrination programs, secret police, government media propaganda, industrialization and collectivization drives, and intense progress in urbanization. Under Joseph Stalin (1878-1953), the entire Soviet higher education system revamped to meet industrialization needs; moreover, education became a primary instrument for proletarian advancement. The Soviet citizenry realized secular gains between 1928 and 1945 in blue-collar employment, white-collar employment, graduate employment, specialist employment, and literacy for ages 9 through 49 (see Table 4.4). Gregory and Stuart (2001, 119) continue that the Soviet education focused only on science, technical specialties, and engineering, restricting access to humanities. The Soviet administrative command system placed its citizenry into career tracks suitable to long-term planning goals.

In the view of Dowlah and Elliott (1997, 121), Nikita Khrushchev (1894 – 1971) rise to power—after Stalin’s death—coincided with one of the most positive chapters in Soviet history. The Soviet Union began to develop faster than most advanced capitalist countries, reducing the gap in social and economic development particularly in rocket and nuclear strength. Khrushchev ended the Stalinist era of glorified cultism, personal

dictatorship, and ruling of secret police terror. Khrushchev produced significant gains to revitalize the consumer sector—that was disproportionately penalized in favor of large-scale industrialization. Conciliatory and persuasive methods replaced Stalinist repressive measures forced on the citizenry. Political openness brought forth greater participation by the intelligentsia through governmental programs and processes.

With the void left by Stalin's death and condemnation of Stalinist supporters, Khrushchev shifted the Cold War to an economic front and refused to accept the logic of accumulation of unbridled power in the hands of the state to defend socialism, opposing the Leninist and Stalinist notion of the inevitable war between socialism and capitalism. With Stalin dead and the achievement of industrialization, the Soviet citizenry aspired to higher standards of living including increased demands for consumer goods such as housing, health, and transportation. Khrushchev expanded investment in food production, housing construction, and other consumer goods.

According to Dowlah and Elliott (1997, 127), Khrushchev allocated resources toward building homes, hospitals, schools, and children's institutions in leu of Stalinist's policies surrounding the implementation of expensive administrative buildings, palaces of culture, and stadiums. The Soviet citizenry grew rapidly. Between 1950 and 1958, Urban housing

tripled from 24.2 to 70.1 million square meters. Private housing rose by more than 300 percent between 1953 and 1957. Soviet health care budgets increased between 1950 and 1959 from 21.4 to 44.0 billion rubles. Education doubled from 56.9 to 94.3 billion rubles. Social security benefits quadrupled from 22 to 88.2 billion rubles. Education doubled from 56.9 to 94.3 billion rubles. In 1959, old-age pensioners grew to 4.4 million out of a pensionable age of 25.3 million, in contrast to the 1 million pensioners in 1950. Consumer goods including televisions, refrigerators, sewing machines, and washing machines increased considerably. Modest increases resulted in nondurable goods such as clothing, textiles, shoes, wool and more. Soviet industrialization production enacted reforms after a slowdown in actual output: Khrushchev blamed central ministries for encouraging inefficient production, investment decisions, and contributing to waste in scarce resources, and neglect of regional considerations.

According to Dowlah and Elliott (1997, 129-130), the Soviet Union instilled a “Virgin Lands Program”, serving as a campaign intending to increase agricultural cultivation to millions of square acres of unused land in Siberia, Kazakhstan, the Volga, and other eastern regions. Khrushchev increased agricultural machinery supply through capital stock and Soviet investment. The Virgin Lands Program realized a 101 million acres

expansion by 1960. Output of grain production between 1949 and 1958 increased from 80.9 to 124.7 million tons. Cattle increased between 1953 to 1958 from 56.6 to 7.7 million; moreover, meat output and milk production also realized gains in similar periods. The individuals employed in state and collective farms between 1953 and 1965 rose from 2.6 to 8.6 million people. Dowlah and Elliott (1997, 131) state that Khrushchev's eliminated arbitrary administrative controls and associated delivery controls with scientific cost calculations and economic incentives. Khrushchev enacted wholesale prices for state and collective farms, reducing prices for the Soviet citizenry.

Khrushchev revoked the 1941 labor law resulting an increase of employment turnover from 15 to 38 precents, for years 1950 and 1958—spurring labor mobility. Khrushchev shortened the workweek, increased wages, and labor union participation—reducing citizenry inequality.

According to Dowlah and Elliott (1997, 137-139), in 1964, Khrushchev accepted his Soviet dismissal from the leadership; moreover, Khrushchev displayed that Soviet leaders may retire and continue to remain alive. Khrushchev realized high output and resources advantages derived from Stalin's dictatorship. Khrushchev's strategy focused on the notion that the Soviet Union would continue to exceed growth rates allowing per capita output to surpass the Western-style capitalism: economic performance

overshadowed emancipating human labor, overturning exploitation, and eliminating tyrannical subreption to the division of labor. Dowlah and Elliott (1997, 145-148) state that Leonid Brezhnev (1906 - 1982) replaced Khrushchev primary due to the 1961 Cuban fiasco, split in world Communist movements, and poor economic performance in the early 1960s, and other social, and political factors. The Soviet Union Gross National Product (GNP) grew around 6 percent between 1951 and 1955, then dropped to 5.8 between 1956 and 1960, and decreased to 5 percent between 1961 and 1965. In the early 1960s, labor productivity dropped to 4 due to workers' discontent, low worker moral, and ineffective use of new capital investment. Brezhnev instituted an oligarchic collectivism model that projected GNP growth rates at seven percent between 1966 and 1975; furthermore, the Soviet oligarchic toned down's the citizenry expectation by abandoning comparisons of Soviet consumer good and agricultural output with the United States—shifting comparison to past Soviet performance of years 1913, 1940, and 1955. Dowlah and Elliott (1997, 160-162) continue that—by Western estimates—the Brezhnev era between 1965 and 1970 GNP increased from 4.7 to 5; however, the period between 1971 and 1985 GNP realized a rapid secular decrease to 2 GNP. Industry stagnated. Agricultural deteriorated. The citizenry realized gains in durable goods between 1965 and

1977. Dowlah and Elliott (1997, 163-166) stress that along with a stagnant weakened economy, the citizenry experienced an increase in rampant alcoholism, decline life expectancy, high infant mortality rates, bureaucratic corruption, black markets, and illicit production. Despite spectacular achievement in areas such as space technology, the Brezhnev era bypassed a technological and scientific revolution that had been the root of economic prosperity for the rest of the industrial world during the period: the Soviet oligarchy and the associated technological backwardness deprived the citizenry the economic advantages of the international division of labor.

In the view of Dowlah and Elliott (1997, 169-185), in Year 1985 the appointment of Mikhail Gorbachev (1931-2022) to the position of General Secretary of the Communist Party of the Soviet Union (CSPU) initiated a revolutionary epoch that challenged the Soviet system profoundly, shaking the system to its very core. Gorbachev sought to implement a more decentralized command system based on optimal combination of centralism, self-management and economic methods through what he termed *developed socialism*. The initiation of *glasnost* (openness) and *demokratizatsiya* (democratization) programs sought to reenergize the nation's political underpinnings and awaken the crippled Soviet citizenry. Gorbachev envisioned a society of and for the labouring masses, a society of free

individuals built on the foundations of social democracy, social justice, and humanism. The Gorbachev command inherited an educated and highly skilled workforce. What the older Soviet citizenry—under Stalinist, Khrushchev, and Brezhnev political rule—regarded as unnecessary luxury, a younger urban Soviet citizenry viewed as unavoidable shortages. Citizenry sentiments shifted from macro issues—education, economic development—to micro issues consisting of local community welfare, and human relations. The existing Soviet citizenry demanded greater autonomous activity, creativity, and individuality. The Soviet middle class expected greater political awareness and a more sophisticated view of the world. Soviet administrative elite had access to stores, health care, recreation facilities, and special housing that would rarely trickle down to the middle class; moreover, the middle class lamented access to political power and participation in the Soviet oligarchy.

According to Dowlah and Elliott (1997, 175), Stalin's heavy industrialization program during the 1930s, that is also termed "super-industrialization," sought to draw in subservient buffer states intended to protect the Soviet Union from yet another invasion and destruction by the West, resulting with a Cold War. The Cold War's massive military provision and procurement resulted in a highly taxing game for the Soviet Union. The

Central Intelligence Agency (CIA) estimate that post-World War Two, the Soviet Union spent 15 to 17 percent of their GNP to the military compared to a U.S. seven percent. Related to the Soviet's Union's relative technological backwardness, a substantial share of highly skilled scientific talents and energies constituted to military—making it almost impossible for intensive development to occur. Coupled with the fact that the United States in the 1980s increased their military expenditures, Gorbachev recognized the need to initiate the process of dismantling the nuclear war machine. A stagnant and weakened Soviet economic performance indicated a vulnerability to disparaging comparisons to Western societies; moreover, the illusion of catching up and succeeding capitalist countries, particularly in per capital consumption and income diminished. The Soviet Union could not compete with the capitalist countries, politically, economically, nor militarily. In the view of Dowlah and Elliott (1997, 201), Gorbachev encouraged discontinuance of traditional rivalry with the capitalist west, limitations of military forces specially for defensive purposes, elimination of nuclear arms and other weapons of mass destruction, shift of resources from demilitarization to develop citizenry priority, and promote human morals and ethical norms as the foundation of international relations. Gorbachev is

credited with the peaceful relationships between capitalist and socialist societies, and the peaceful end of the Cold War.

In the view of Dowlah and Elliott (1997, 213-225), Gorbachev's hybrid mixed economy failed to show much with respect to rates of growth in output. The Soviet budget deficit realized secular gains between 1985 to 1990 from 18 to 150 billion rubles, or from 2.3 to over 15 percent of GNP, respectively. A notable Chernobyl nuclear power accident and a tragic earthquake in Armenia added to the deficit. Gorbachev's glasnost spurred citizenry open mindedness and awareness surrounding economic, social, and political policies; moreover, the freed and unsuppressed citizenry became vocal against corruption, abuses, and demanded an extension of glasnost. Gorbachev moved more radically by instituting widespread democratization, resulting in the separation of the CPSU from the state, and a failed Soviet coup in 1991. The Communist party was outlawed, Soviet Union's socialism abandoned, resulting in the disappearance of the second-mightiest state on the face of the earth. The Soviet Superpower ended its reign on its citizenry.

The American Superpower

Harold G Vatter's contribution in the compilation of contributions found in *History of the U.S. Economy since World War II* teaches us the effects of the

Cold War. In the view of Vatter (1996, 8), the Cold War tarnished the significant notion of a peacetime economy through the globe. Vatter continues that post-Second World War conditions shifted the American perspective of the importance and mobilization as an international role—a Superpower. Vatter expresses that governmental and economic policy became prudent for every US presidential administration to adhere to a cover-all-bets approach toward the Communist world, serving to support anti-Communist around the world.

Francis H. Heller presents a collected works of several authors in his novel *Economics and the Truman Administration*, providing us with an examination of President Harry S. Truman's economic policy and the origins of the Cold War. In 1945, in the view Heller (1981, 1-3), American President Harry S. Truman (1884-1972), inherited a Second World War and a United States without official requirements for economic policy. Crauford Goodwin (1981, 5-9) states that the US citizenry expressed feigned doubts on the transitional economic impacts of shifting a wartime economy to an aspired peace time one. Truman benefited from the initiatives including Bretton Woods, International Monetary Fund, and the Internal Bank for Reconstruction and Development; moreover, congressional hearings regarding full employment gave fruition to the institutions of Joint

Economic Committee and the Council of Economic Advisers. US citizenry expressed suspicion on economists. Not only did public perception view that economists ostensibly practiced black arts, economists were also linked with planning, socialism, and even the feared totalitarianism of the Axis powers. Fresh in their minds, the Great Depression (1929 – 1939) placed worries that any price adjustments indicate conspiratorial price manipulation by sellers or buyers: the citizenry questioned the role of economists. Macroeconomists slowly emerge. Microeconomics suggested, through the New Deal and success of the wartime economy, that the free market seem on the verge of anachronism. According to Leon H. Keyserling (1981, 80-81), Truman aspired to help small business believing that they needed it more. President Abraham Lincoln stressed that the function of the government is to assist the citizenry in what they cannot do by themselves or cannot do so well.

According to Robert J. Donovan (1981, 17), the Marshall Plan consisted of a multibillion-dollar program with various purposes; moreover, the program stimulated trade and ensured job security and prosperity for the US citizenry. David A. Morse (1981, 48) teaches us that the availability of American material and resources alleviated the reconstruction and recovery of a war-torn Europe. The 1948 Marshall plan aided in expanding democratic governments and trade unions against the threat that European

countries would seek desperation in the arms of the Communists. In the view of Mary King (1996, 185), coupled with Communist and labor union purges in America, the Marshall Plan provided Truman a method of averting the growth of communism in Europe. According to Leon H. Keyserling (1981, 82-86), between 1947 and 1953 the real average economic growth rate floated around 4.8 to 5 percent; moreover, Truman's last presidential year in 1953 reduced the unemployment rate to 2.9 percent from the average 4 percent between 1947 and 1953. In the view of Keyserling (1981, 93), Truman and his economic advisers believed that planning is not indicative of the economy but the actions of the government. In the view of James L Sundquist (1981, 97), The Employment Act of 1946 promoting maximum employment, purchasing power, and production for the US citizenry; moreover, the Act required an annual Economic report based on economic data and not on theories applied in the 1920s and the 1930s. Sundquist (1981, 108) expresses that—although Keyserling denied any involvement of Keynes attributed to the Employment Act—no collection of evidence displace a theory, it requires a theory to kill a theory. Keynes's *The General Theory of Employment, Interest, and Money* contribute to the intellectual environment surrounding the formation of the 1946 Employment Act.

Donovan (1981, 18-19) states that Truman focused on a fiscal policy that favored limitations on military spending: Truman expressed worries that authorizing military expansion would result in inevitable and unstoppable military spending escalations. Through the Cold War, the Soviet Union deliberately attempted to scare the United States into spending itself into bankruptcy—a fate that would come to fruition for one of the Superpowers. Donovan (1981, 18-19) expresses that the Korean War—a proxy hot war related to the Cold War—sidetracked social programs aimed at the citizenry and set the US into years of heavy military spending. In their novel *Eisenhower and the Cold War Economy*, William McClenahan Jr. and William Becker provide a comprehensive assessment on Dwight D. Eisenhower's US presidency and the economy impacts of the Cold War. According to McClenahan and Becker (2011, 46-55), the Eisenhower presidency inherited the Korean War, high military spending, and an upcoming recession. Eisenhower ended the Korean War and reduced military spending. Stalin's death in 1953 created a Soviet Union void, cutting Soviet support in the Korean War. Eisenhower encouraged easing of monetary policies, serving as an economic boom to US citizenry. The US Economic boom between 1954 and 1957 resulted in new family formation. Disposal income increased. The Business sector grew more robust. Housing

increased. Consumer durable and automobile consumption rose. Citizenry benefited from loosening of down payments on mortgages and extensions on loans from twenty to thirty years. Economic growth continued until 1956, then turned negative in 1957. McClenahan and Becker (2011, 223) state that Eisenhower—acknowledging Soviet economic competition—increased US economic assistance in Asia, Africa, the Middle East, and Latin America, serving as an economic development and a US security necessitation.

Stephen Rabe provides the economic significance of John F. Kennedy's (1917 – 1963) presidency during the Cold War in the novel *The Most Dangerous Area in the World. John F. Kennedy Confronts Communist Revolution in Latin America*. In the view of Rabe (1999, 9), Kennedy assured the American citizenry that the United States would convert Latin American into a spirited and progressive location of the world. Rabe (1999,54-61) states that the Kennedy administration exerted itself attempting to reform Haiti and the Dominican Republic; however, the administration discovered that democracy could not easily be transferred to poor nations with unfortunate political pasts. Communism and Cold War sentiments spread to regimes in Central and South America. With the rise of a Fidel Castro (1926 - 2016) dictatorship in Cuba, the Kennedy administration placed overt and covert measures to topple the Castro regime. The Bay of

Pigs fiasco—the failed attack covert CIA attack on Cuba—instilled in Latin American that the United States exaggerated communist treats. Rabe (1999, 136) continues that the Soviet Union never achieved to establish a long-lasting relationship with any Latin American country, aside from Cuba. The Soviet Union exported nuclear missiles to Cuba, resulting in a Cuban Missiles Crisis. The Soviet Union realized that they had little to offer in the United States dominated Western Hemisphere. The Soviet Union’s relationship with the Latin American countries constituted of being natural competitors—both being direct products of raw materials and primary products. Latin American countries preferred imports of higher quality works coming out of United States, Japan, and Western Europe, as opposed to the shoddy products manufactured by the Soviet citizenry. In 1962, Kennedy and Khrushchev came to an agreement that the Soviet Union dismantle and export their nuclear missiles if the United States would remove the Jupiter missiles in Turkey. Utilizing a tome, *The Fifty-Year War. Conflict and Strategy in the Cold War* by author Norman Friedman provides a historical account of the Cold War. Friedman (2000, 233) states that Sputnik began an odd era in that achievement in space—absolutely unrelated to military capability—became tactic show of scientific and militaristic power. The confusion continued when the Soviet Union sent Laika, the

space dog, into orbit in 1957, tragically with no de-orbit method planned. Kennedy would promise that within a decade the US citizenry would see an American on the moon.

Michael H. Hunt provides an economic significance of Lydon Johnson's (1908 - 1973) presidency during the Cold War, particularly the Vietnam hot war in the novel *Lydon Johnson's War. America's Cold War Crusade in Vietnam, 1945-1968*. In the view of Hunt (1996, 7), the Cold War provided the catalyst transforming Indochina into an important battleground whose loss would have economic consequences for the region and for US security. Lydon Johnson came to power after the murder of John F. Kennedy. Hunt (1996, 41-43) states that Eisenhower rejected CIA's notion that nationalism played a role in the development of Communism; moreover, Eisenhower rejected the notion that nationalism is incompatibility with Communism since it infers to always needing to bow to Moscow. President Johnson would repeat Eisenhower's stark failure in realizing that for the Vietnamese peasantry, communism could provide them with a better life through liberation—similar to a 1917 Bolshevik revolution. Johnson's failure would cost many lives of Vietnamese and American citizenry. The United States aspired to save Vietnam and their fight against communism, without understanding the Vietnam goals. Hunt (1996, 72) continues that

Johnson would refer to the Vietnam war as “the bitch” that led his presidency into troubled waters. In the view of Hunt (1996, 107), Johnson deliberately considered the risk and proceeded the efforts to mitigate the spread of communism, ignoring the needs of the Vietnamese. Johnson’s war was an American war, spurred on by knowledgeable senior advisors and foreign-policy representatives. The Vietnam war emerged out of the American culture that proclaimed to speak and act for other countries citizenry without valuing nor knowing their history, language, nor aspirations.

Robert S. Litwak’s novel *Détente and The Nixon Doctrine. American Foreign Policy and the Pursuit of Stability, 1969-1976*, suggests the economic importance of a *Détente* with the Soviet Union. In the view of Litwak (1984, 43), the Vietnam tragedy exposed the American citizenry to the dangers of hubris. The centrality of the United States as a world Superpower results from the inevitable consequence of the weakness of other states, or the unavoidable rivalry with the Soviet Union, or an idea of Manifest Destiny, carrying the United States into the moralistic role of a global policeman. Whatever the truth of these situations, the facts display broken molds. Manifest Destiny is no longer. The United States’ power is not immune to corruption: the US is not the self-proclaimed isolated

exception state. Litwak (1984, 47) continues that the Nixon administration sought to restore coherence to a trouble American citizenry, and diplomacy—albeit a presidential scandal would emerge. Similar to past presidents, Richard Nixon (1913 – 1994), inherited a hot war—the Vietnam war. According to Litwak (1984, 77-79), the Nixon administration proclaimed that the *isms* have lost their strength. The Nixon administration acknowledged the global superpower of the Soviet Union, reinforcing a new legitimate of a bipolar world. Nixon presidency policies resulted in a superpower linkage—*détente*—with the Soviet Union, serving as the creation of stable regional conditions and facilitating an orderly devolution of superpower to a middle ground power. The Strategic Arms Limitations Talks/Treaty (SALT) I resulted in a mutual agreement between the United States and the Soviet Union, serving as a limitation on the number of nuclear missiles in their inventories.

Robert Shulzinger contributed to the Nixon superpower linkage in his article *Détente in the Nixon–Ford years, 1969–1976*. Schulzinger (2010, 387) states that while *détente* avoid direct confrontation between the US and the Soviet Union, both parties indirectly armed their allies—as recognized in the Yom Kippur War between Israel and coalition between Egypt and Syria. After a televised US senate hearing regarding a break-in a Democratic

Watergate office complex resulting in Nixon's resignation, Gerald Ford (1913 – 2006) stepped into the presidency. Schulzinger (2010, 389) continues that despite continued discussions for SALT II, support for *détente* diminished in 1974. Public support among the US citizenry criticized Ford's inability to hold the Soviet Union accountable for their history of repression and human right violations. Nicholas Sarantakes provides perspectives surrounding Jimmy Carter US presidency and the Soviet Union in the book *Dropping the Torch: Jimmy Carter, the Olympic Boycott, and the Cold War*. Sarantakes (2010, 53-59) states that Jimmy Carter won the presidency due to US citizenry anguish over Ford's pardon of Nixon, serving as a corrupt bargain between Republican presidents. US Citizenry perceived economic concession in return for decent Soviet behavior; however, the Soviet Union considered *détente* as a military accumulation reward and proper relationship of political forces. Riddled with health issues, Brezhnev became more suspicious; moreover, a Carter outburst over Soviet Union soldiers stationed in Cuba, signaled to the Soviet Union that Carter was inept, considered the most dangerous president since Truman, bent on destroying the Soviet Union. In 1979, the Soviet Union invaded Afghanistan. Carter responded by boycotting the Olympic Games and imposing a grain embargo on the Soviet Union. Sarantakes (2010, 261-265) continues that the Carter boycott showed

little significance to the Soviet invasion in Afghanistan; however, the boycott parallel between being too weak to change Soviet action and too strong for them to ignore. US citizenry witnessed Carter's failing as an American president and voted him out of office. The President grossly exaggerated the Soviet threat and invasion; moreover, US citizenry showed little interest in the region prior to 1979 and showed less concern over rebuilding after the Soviet departure. The Soviet Union disregard Carter's moral objections and interpreting his rhetoric as an attack on the legitimacy of the Soviet Union. Calm and reasonable voices showed little influence in 1980, resulting in a return to harsh relationship and confrontation between the US and the Soviet Union.

Alan P Dobson accounts for the economic significance of Ronald Reagan (1911 - 2004) presidency, and the closing of the Cold War. In the article *The Reagan Administration, Economic Warfare, and Starting to Close Down the Cold War*, Dobson (2005, 531-533) states that the Reagan administration's Cold War strategy distorted the citizenry's perception on Reagan himself. Radical changes to the Soviet Union resulted—not the from the any primary economic policies that Reagan enacted—from long-lasting structural flaws in the Soviet economy and the corrosive influence of Western ideas that permeated the state borders of an increasingly

interdependent world. Western ideology flourish with the aid enhanced communications, aggressive Roman Catholic propaganda, and the economic, political, and human right reforms established in the Helsinki Accords.

Reagan policies appears to be a reincarnation of Truman doctrine, negotiating from a position of strength. Reagan's policies towards the Soviet Union at best appeared contradictory. Removal of Carter's grain embargo. Economic sanctions placed in Poland resulting from perceived Soviet involvement. Denounced arms control. Open to arms negotiations. Condemning Nixon's SALT program. Extending SALT to five more years. According to Dobson (2005, 551), the Regan administration risked eastern allied estrangement over imposed sanctions; however, eastern allies—particularly Margaret Thatcher—pushed backed stating that France, Britain, nor West Germany would give up their pipeline deals with the Soviet Union. Despite denouncing the Soviet Union as an *Evil Empire*, Reagan never expected nor intended to destroy the Soviet Union. Reagan instituted a quasi-*détente* with Gorbachev, making headway on disarmament and improving East-West relations, bringing an end to the Cold War. Soon after, the Soviet Union collapsed.

Understanding the Post-Cold War Era

Author Wilfried Loth highlights the social and economic importance of the Cold War in the article *The Cold War and the social and economic history of the twentieth century*. In the view of Loth (2010, 503-505), the Cold War arose between conflicting Superpowers, hegemonies, and securities; moreover, the Cold War derived from differing theories and their ideologies on the organization of economies and societies at various phases of industrial development. A multitude of social concepts emerged during the Cold War with no indication of a clear winning model. Central planning signified strengths in modernizing less developed nations albeit at significant citizenry costs. Free-market systems demonstrated greater productivity and innovation, after accepting state-run organization surrounding social welfare and variations of planning at national and international levels. In the view of Loth (2010, 505), Vladimir Lenin (1870 – 1924) relied on the notion of an *avant-garde*, an elite party that would guide the Russian working class along the path of revolution; moreover, a guided socialist revolution a backward Russia would ignite revolution in the main European industrial nations. In reality, the Bolshevik leaders of the 1917 October Revolution managed to remain in power over the long run by relying on an armed force, systematic centralization, inflicting terror against all perceived enemies, putting an end

to the Great World War, and adequately managing future crises. Lenin's aspirations of global revolution went unsatisfied. Loth (2010, 523) continues that that implosion of the Soviet bloc resulted from the illusions of grandeur and self-deceptions from the founding fathers—leaders of the October Revolution. The Soviet Union failed to create long-lasting relations with any other communist party, aside from Cuba. The leaders of the Soviet Union failed when a new phase of technological advancement made it obvious to everyone the limited potential of a centrally directed economy in an ever-growing interconnected world. The Cold War became obsolete by the continuance of development in modern industrial society.

In the view of Dowlah and Elliot (1997, 231), the contrast between the United States and the Soviet Union stemmed from their abilities to administer changes in their economic systems. Franklin D. Roosevelt (1882 - 1945) managed to save capitalism by adjusting it. The American Laissez-faire economic policy shifted towards a Keynesian economy, institution an effective demand policy. An additional layer of importance derives from each nation's respective citizenry. Roosevelt acted with the approval and consent of the governed US citizenry. By the conscious act of *not* deciding to throw out their elected leader during the Great Depression, the American citizenry consented to the perils and sacrifices Roosevelt requested of them

during an epoch of painful change. In contrast, Gorbachev's economic and political reforms constituted of telling the Soviet citizenry illegitimate and unpopular mandates—igniting disintegration and dissolution. Dowlah and Elliot (1997, 236) continue that the centralized economic activity leadership and authority disintegrated, forming in illicit markets. An underground economy emerged—legal or partially so—soviet citizenry increasingly pivoted toward it to obtain commodities and goods in short supply at state retail locations. The emerging economy failed to be subjected to governmental regulation nor comprised textbook competitive market processes with corresponding consumer and producer market prices—supply and demand. In short, an unregulated buccaneer capitalist market arose. Contrasting a Marxist-Leninist framework, power fell not onto the hands of the proletariat or the those who controlled the means of production; moreover, it fell into the hands of the individuals who controlled the means of consumption—a Soviet mafia. The mafia consisted of corrupt members of the state apparatus, employees obliged to pay kickbacks and overcharge customers, and corrupt members of the militia, judges, and prosecutors. Soviet citizenry realized diminished gains observed through the Cold War. Invisible incomes skyrocketed between 1975 and 1991 from 13.8 to 97.9 billion rubles. The post-Soviet citizenry's fate resides in their own hands.

In the view of Loth (2010, 510), the Marshall Plan supported by Truman acted as a deterrent to the any resurgence of Communism Post-War World Two. Prior to War World Two, the Soviet model displayed dominance during the Great Depression. As capitalist societies deepened into high levels of unemployment, the Soviet Union—through industrialization efforts—reported high levels of productivity and nonexistent unemployment rates. Communism interest peaked in several Western societies, spreading communist parties and positions into several Western governments. The Marshall Plan provided economic recovery and guided reforms onto a liberal course. Soviet Union’s social democracy expansion faltered as prior governmental positions faltered, most intellectuals gave up on the notion of Soviet Communism. The Soviet Union’s inability to reform and its eventually collapse instilled the notion into US and Soviet citizenry that imperialist capitalism won. Laura Tyson, Chairman of the 1994 Council of Economic Advisers, provides the economic significance of the ending of the Cold War in the article *The End of the Cold War*.

Hobart Rowen teaches us the economic impacts of the Cold War and Post-Cold War in the novel *Self-Inflicted Wounds*. In the view of Rowen (1994, 3), President Johnson’s decision of secretly systematic bombing in

North Vietnam resulted in multibillion dollar increased to military budget. Rowen (1994, 20-27) continues that Johnson's gamble between the war pressures and coincidental economic boom did not self-evaporated, moreover, the gamble resulted in the American citizenry paying for an irrational war. The Vietnam war drained national resources, serving as a gold drain and impacting the US dollar. A cheaper US dollar lowers the prices of American goods in foreign markets, invigorating exports. The feedback effect results in an increase in foreign currency making imports more expensive. Chase Bank and Bank of American demanded that the US shut down off the outlay of gold. When a London gold pool refused to put gold into French holding, the United States agreed to pick the slack. Suspicious arouse around the US dollar, serving as a payment method with no gold backing. The British pound devaluated. The Bretton Woods system began to unravel—cutting off the linkage between gold and the dollar. Rowen (1994, 65) states that President Nixon closed the gold window. France and other government could float on the US dollar or convert into the market, revaluing their own respective currency. Rowen (1994, 103) continues that the 1970s OPEC crisis fueled inflation and plagued the economy's national output.

According to Rowen (1964, 206-209), Regan's rise to the White House met citizenry support as an American machoman ready to restore American invincibility. Reagan applied voodoo economics with the adoption of supply-side economics, pledging that tax cuts would somehow boost total government receipts, magically. Prompted by the Laffer curve—the paper napkin drawn theory that purported revenues rose as taxes declined, Reagan lowered taxes while showing unrestrained towards the military budget. The Reagan administration targeted a frontal assault on American citizenry welfare state, serving as the preventative measure to pay for the massive tax cuts. In Years 1982 and 1983, unemployed soared to 10 million each year with an average rate of 9.5 unemployment rate. Unemployment remained around 7 percent until 1986. In the view of Rowen (1964, 214-215), the Reagan administration led the US citizenry from being the world's number one creditor to the number one debtor: real wages decline, investment and saving stagnated. The Reagan administration, long with Alan Greenspan, deregulated the savings and loans (S&L) industry. The deregulation of S&L allowed them to compete directly with money-market funds and banks, squaring them off in fierce competition in efforts to find higher yield investment—regardless of risk. S&L deregulation fostered increase usage of the \$200 billion junk bond market resulting in inappropriate corporate

takeovers and freezing American industry. The Reagan administration deprived and diminished the US citizenry from a financial market with oversight and regulation guaranteed by the government. Reagan's pursuit of a quasi-reinstitution of laissez faire during the Cold War provided an avenue for corporation to guide the invisible hand into the pockets and away from any trickle-down economics. The US citizenry that bolstered a machoman into the Whitehouse paved the way for Reagan to rule by strength—not only the crippling Soviet Union—but the American citizenry.

Conclusion

This inquiry has sought to establish that the citizenry of the two Superpowers derived benefits during the Cold War that appear to have diminished with the start of the Post-Cold War Era. The Great Depression questioned the validity of the Western capitalist society. A Soviet model instilling revolution Communism during the same depression signaled high industrial output and nonexistence employment rates. The general citizenry of both superpowers, as well as citizenry around the world would ultimately benefit from their competition interests albeit with certain economic, social, and human rights costs. The Cold War (1947 – 1991) consisted of a multitude of governmental and political figures with varying economic and

nationalistic interests. The Superpowers of the United States and the Soviet Union signals of strength would benefit their respective societies with increased education, urbanization, and economic activity. The Superpowers economic and social ideology, along with technological advancement would determine their outcome and the outcome for their citizenry. The inherence to shift economic strategies resulted in the succession of the American capitalist system and the collapse of the Soviet Union communism system. The Post-Cold War outcome resulted in the diminished and deprivation of reliable economic outcomes for their citizenry.

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