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PERSONAL PROPERTY IN THE SOVIET UNION,
WITH PARTICULAR EMPHASIS
ON THE KHRUSHCHEV ERA

AN IDEOLOGICAL, POLITICAL AND ECONOMIC DILEMMA

(II)

KIMURA Hiroshi

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In the previous Chapter,* I discussed the dilemma which the Soviets face in their attempt to proceed to distribution according to need. It can rightly be called a dilemma, since the only means available (material incentive policy, incorporating distribution according to work) for achieving this end contains a factor which is diametrically opposed to, and, indeed, denies the end itself. In the light of this dilemma, I have concluded that the prospects of the public consumption funds moving in the direction the Soviets project for them, is quite remote. The fact of the matter is, however, that the dilemma described in the first Chapter is not the only dilemma the Soviets must face in this field. There are even more serious problems implicit in the Khrushchevian scheme for building full communism with the aid of property incentive policies. In this and next Chapters, I will attempt to describe just one of these problems: the dilemma for “Marxist-oriented” Soviet ideology posed by the continued practical economic necessity for relying on elements of private property (часть собственности) in economic and social policy. In other words, far from making progress on the path from the present form of need satisfaction (personal property) to the future form (through the full development of the public consumption funds), the Soviets have not even as yet been able to eliminate the remnants of the past mode of consumption, i.e., private property. Some elements of private property, which, in theory, are supposed to fade away with the victory of Socialism, still exist in the Soviet Union, a nation which officially considers itself to have already entered the phase of gradual transition to Communism. Why is this so? Before attempting to answer this question, it is necessary and useful to review, very briefly, the Soviet system of property.

It has been traditional since Marx and Engels to divide all property into two kinds: the means of production and the means of consumption. This classification

Personal Property in the Soviet Union

is not only traditional but is regarded as the only correct Marxist approach to understanding property relations. Private ownership of the means of production, according to Marxist theory, always results in the division of society into classes: the privileged and the dispossessed, the exploiters and exploited, the rulers and the ruled. In a socialist society, however, according to Marx and Engels, this formula would not hold true, since only society would own the means of production. This theory is embodied in the Constitution of the U.S.S.R., which postulates the economic foundation of the U.S.S.R. as “the socialist ownership of the instruments and means of production, firmly established as a result of the abolition of... private ownership of the instruments and means of production” (Art. 4). Certain important means of production (for instance, land, its mineral wealth, water, forests, factories and mines, electric power stations, rails, air transport facilities, banks, the means of communication, as well as agricultural, commercial, municipal and other enterprises) are owned only by the state (Constitution, Art. 6). Some other means of production (such as tractors, harvesters and other agricultural implements, livestock, etc.) can be owned by the kolkhozes, co-operatives, trade unions and other public organizations (Constitution, Art. 7; Principles, Art. 23 and 24; Civil Codes of the RSFSR, Art. 100 and 103).

Certain means of consumption are also the objects of ownership by the state, co-operatives and public organizations. These consist of such things as hospitals, schools, sanatoriums, holiday homes, cultural centers, clubs, stadiums and housing facilities in towns and industrial localities. The services and benefits provided by these are distributed to the people through the public consumption funds. Thus, in the Soviet Union, almost all the means of production and many of the means of consumption belong to the state, co-operatives or public organizations. They are all socialist property, which is further divided, according to the locus of ownership into: (1) state property or the property of all the people; (2) property of kolkhozes and other co-operatives; and (3) property of the trade-unions and other public organizations.

Only the remaining means of consumption are left in the hands of private individuals. Even these elements of the means of consumption exist only under strict limitations as to size, number and manner of use, so that they will not be abused for non-consumptive or exploitative purposes. Those means of consumption whose character is consumptive and non-exploitative are called “personal property” (личная собственность) in the present-day Soviet Union. They are considered to be in marked contrast to both the “private property” (частная собственность) of the Soviet N.E.P. period and that of the bourgeois capitalist countries, neither of which could exclude the possibility of exploitation of others.

The above outline is a brief and, indeed, quite a rough picture of (or rather formula for) the Soviet system of property, which is based primarily on Soviet “Marxist-oriented” theory. Therefore, as might be expected, the present reality of property relations in the Soviet Union does not necessarily fit into this general formula, especially in details. It cannot be doubted that the Soviets have made
every possible effort to approach this formula. But there are grave obstacles in front of them. To eliminate these obstacles and thus narrow the gap between communist theory and practice, a good deal of serious discussion and detailed consideration will have to be given to the problem now. This is absolutely necessary if Soviet politicians are really serious about their blueprint for moving the Soviet Union to the very threshold of ideal Communism by 1980. Their attitudes toward these problems will constitute the theme of the next two chapters (Chapters II and III).

In Chapter II, I will deal with the question of whether, in the present transitory stage to full communism, private ownership of the means of production has actually been completely eliminated, in full conformity with the "Marxist-oriented" formula. Article 4 of the Constitution, which I have already quoted, declares that "the socialist system of economy" has been firmly established in the U.S.S.R., as a result of "the abolition of private ownership of the instruments and means of production." On the other hand, Article 9 of the Constitution admits that "the socialist system of economy" is only "the predominant" form of economy in the U.S.S.R. "In our country," Khrushchev said in his speech to the Supreme Soviet in 1960, "an overwhelming share of the means of production belongs to the socialist government" (emphasis supplied by H.K.). Both Article 9 of the Constitution and the Khrushchev speech make it clear that some of the means of production are still in the hands of Soviet individuals or private groups. If this is the case, then the following questions come to mind. How did this come about? Who owns which category of the means of production in the present stage of "Socialism" and why? In Chapter III, I will examine whether those means of consumption left in the hands of Soviet individuals as personal property, are in strict conformity with the "formula" derived from "Marxist-oriented" principles, namely, the formula which requires that Soviet personal property must be acquired in exchange for one's labor and must exclude any possibility of exploitation of the labor of others.

A. Property Owned by Individual Peasants and Non-co-operative Artisans

1. Definition and Classification

Article 9 of the Constitution of the U.S.S.R. permits peasants and artisans to run minor private businesses (мелкое частное хозяйство), based on their individual labor and without the exploitation of the labor of others. In order to run such a business, of course, the individual peasant, who is not a member of a kolkhoz, must personally own articles which may be considered means of production, articles such as agricultural implements, livestock, and so on. In the U.S.S.R., artisans are primarily engaged in individual repair work (e.g., watches, radios, televisions, pianos, etc.), and in various ancient surviving crafts (e.g., carpet weaving, silverwork, black-smithing, icon painting, etc.). Although the majority of artisans work in co-operatives,

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1) Хрущев, Н. С., Об отмене налогов с рабочих и служащих и других мероприятий, направленных на повышение благосостояния советского народа. Москва: Госполитиздат, 1960, стр. 29.
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a certain number of them still continue to work entirely privately. These non-cooperative artisans need to personally own certain of the means of production, i.e., the tools needed for the pursuit of their own craft and trade.

How, then, should we understand this ownership of the means of production by individual peasants and non-co-operative artisans? Should it be classified as ownership of personal property, or should we, rather, consider it as private ownership of the means of production? With regard to these questions, there has been dispute even among Soviet jurists and economists. In the process of providing some answers, not only the complexity, but also the difficulty of systematizing all actual forms of property in conformity with a particular ideology will be revealed.

I would like to start with the second question, that is, whether the means of production owned by individual peasants and artisans can be classified as private property or not. Some Soviet theorists call the property owned by these groups "the private property of minor laborers" (мелкая трудовая частная собственность) (D. M. Genkin, V. A. Tarkhov, etc.). Khalfina disagrees with this conceptualization. Private property is, according to Khalfina, property which may be used to exploit others' labor for the purpose of obtaining unearned income. This characteristic, however, Khalfina asserts, is completely lacking in the property owned by individual peasants and non-co-operative artisans. Once categorized as private property, we would not be able to avoid the impression that this property is really the same as that of the N.E.P. period in the Soviet Union or that of the bourgeois capitalist countries, that is, property which has exploitative potential. No matter what kind of qualifications (such as "minor laborers") might be attached, this impression would not be easily changed. No matter how "minor" such an enterprise may be, it still constitutes the primary (not supplementary) means of livelihood for its proprietor. Khalfina distinguishes this type of business from the personal supplementary kind, such as private garden plots (which will be discussed presently).

Then, can the property owned by peasants and artisans be personal property? Some Soviet scholars give an affirmative answer to this question, (S.N. Bratus, R.F. Mazhitova, I.I. Larkin, etc.). But Khalfina does not agree with them either. There exists, according to Khalfina, "important qualitative" differences between the personal property of ordinary citizens and the property of individual peasants and non-co-operative artisans. These differences are concerned with the sources, purposes and prospects of the two types of property as well as the Soviet attitude toward them.
First, the source of personal property is the individual's right to share of the total social product, in return for his contribution of labor to the socialized economy. On the other hand, the property of the individual peasant and non-co-operative artisan has its source directly in his own labor in his own individual enterprise.

Second, both types of property differ in their purposes. The personal property of the citizen has a "consumptive" character, its purpose being the satisfaction of his material and cultural needs. On the other hand, the property of the individual peasant and non-co-operative artisan has a "productive" purpose, that is, it is used "systematically" for private production and the sale of products.

Third, there is also an essential difference in the prospects for the development of each of these types of property. Namely, with the growth of the material and cultural standard of living under Socialism the personal property of the citizen will grow and develop also, thus satisfying all his needs. On the other hand the property of individual peasants and artisans, which even now occupies a quite insignificant place in the economy, will gradually fade away under a Socialist economic system.

Fourth, and very closely connected with the third point, the attitudes of the Socialist state toward these two types of property differ. For example, whereas the Constitution of the U.S.S.R. protects (охрахяет) the citizen’s right of personal property (Art. 10), it permits (допускает) the minor private business of the individual peasant and artisan (Art. 9). Based on this essential difference in attitude toward the two types of property, a number of discriminatory measure have been taken against the business of individual peasants and non-co-operative artisans (e.g. in the fields of taxation, licensing, education, party membership, etc.).

So far Khalfina sounds quite convincing. However, her argument would be a more convincing one, if she had presented her own thoughts on how to categorize the property of peasants and non-co-operative artisans, in the context of the entire Soviet property system. If this property is neither private property nor personal property, then what is it? Khalfina does not seem to answer this crucial question in any of her writings (such as The Right of Personal Property of Citizens of the U.S.S.R., 1955; The Right of Personal Property, 1964; Personal Property in the U.S.S.R., 1966; and “On the Right of Personal Property in the Period of Full Construction of Communism”, 1960). This difficulty does seem quite natural, since it stems from the fact that Soviet politicians and theorists have divided property in the Soviet Union, quite artificially, if not arbitrarily, into two categories, socialist property and personal property, each with its own special definition, and have excluded the concept of private property from their system altogether. Obviously, the property of the individual peasant and non-co-operative artisan falls somewhere between private property and personal property. Namely, it is private property in the sense that it has a productive

character, but it is also personal property, in the sense that it does not possess exploitative potential.

2. **Justifications and Criticism**

As already mentioned, the minor private business of the individual peasant and non-co-operative artisan has been subjected to strict controls and discriminatory measures, which are obviously derived from Soviet "Marxist-oriented" ideological postulates; for example, the labor of others should never be exploited, or a profit should never be obtained through an increase in the value of the raw material constituting the principal component of the item.

Furthermore, this type of business occupies, in practice, a very insignificant place in the entire Soviet socialized economy. One Soviet source reports, for instance, that non-co-operative artisans account for no more than 0.1 per cent of the whole population of the U.S.S.R.9)

In sum, Soviet theorists conclude that this small-scale private economy of peasants and artisans is not only so negligible, but so restricted within the larger socialized economy, that it could not possibly offer any problem for, or danger to the Socialist system. D. M. Genkin, one of the most authoritative Soviet experts on civil law, wrote as follows in his *Property Law in the U.S.S.R.* (1961):

Capitalistic private property was eliminated completely by a decision of May 20, 1932. But "the private property of minor laborers," that is individual peasants and artisans, still remained. Its weight in the national economy is negligible... The possibility of the transformation of "the private property of minor laborers" into capitalistic private property is excluded, as long as the private economy of individual peasants and artisans is permitted only on the basis of individual labor.10)

Besides, this portion of the economy has been fading away gradually in competition with the mechanized, large scale socialized economy. Kafalina seemed to emphasize this point above all else, when he wrote that this type of economy is "a remnant of the past, the final degenerating and disappearing residue of the minor commodity economy, doomed to complete annihilation in the course of further economic development."11)

It seems to me, however, that Marxists have been asserting for more than a century that the insignificant minor private economy of small peasants and artisans would disappear in the foreseeable future. For instance, it was Marx and Engels who diagnosed the significance of this type of economy and predicted its future as follows (in 1848!):

**Hard-won, self-acquired, self-earned property! Do you mean the property of...**

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10) Генкин, там же, стр. 68-69.
the petty artisan and of the small peasant, a form of property that preceded the bourgeois form? There is no need to abolish that; the development of industry has to a great extent already destroyed it, and is still destroying it daily.\textsuperscript{12} (emphasis supplied by H. K.).

It can be said that since the property of the small peasant and petty artisan existed, according to Marx and Engels, “before the bourgeois form of property,” this type of property, no matter how negligible a role it may have played in the entire economy, has survived and even outlived many socio-economic stages: the pre-bourgeois stage; the bourgeois-capitalist stage and the socialist stage. And clearly it still exists in the Soviet Union today, at a time when that nation has entered the transitory stage from socialism to full communism. It seems quite natural, therefore, faced with the fact of the incredible perseverance of this segment of the economy, to wonder: (1) whether a minor private business (such as a personal subsidiary enterprise in the Soviet Union) is a useful and efficient unit of production (especially from the viewpoint of incentives), and whether it is a necessary, or even indispensable, part of any mechanized society; (2) whether the “Marxist-oriented” Soviet classification of property really provides a fully-adequate portrayal of the complicated reality.

B. Private Garden Plots

1. Questions Raised

Every collective farm household (колхозный двор), in addition to its basic income from the collective-farm (колхоз), is allowed to run a personal subsidiary enterprise, in the form of a “private garden plot” (приусадебный участок) (\textit{Constitution}, Art. 7, II). In order to farm the garden plot (averaging 20–45 one-hundredths of a hectare), the kolkhoz household needs to own such articles of personal property as may be necessary to this purpose, including certain of the means of production, such as agricultural implements, productive livestock, etc. (\textit{Constitution}, Art. 7, II). Inhabitants of city peripheries are also allowed to run a personal subsidiary enterprise on their private garden plot and, consequently, to own the means of production necessary to farm it (\textit{Constitution}, Art. 10).

Here again, the means of production are found not in the hands of the state or other public organizations, but in the possession of private Soviet individuals or groups of individuals. Why is this so? Is not the ownership of the means of production alien to the Soviet “Marxist-oriented” system of property? If the above is the actual situation in the current Soviet Union, despite the ideological formula, then what is the rationalization for it? And finally, how should the means of production with which we are here concerned be classified in the two-fold Soviet division of property—socialist property and personal property?

In the course of a brief review of recent changes in attitudes and policies toward private garden plots, I would like to examine the Soviet answers to these difficult questions.

2. **Historical Review**

One of the concessions Stalin was forced to make in his collectivization drive of the 1930's, was to grant each peasant a small private garden plot. These grants were made on the strict condition that each peasant works a certain minimum time in the socialized sector of the economy, that is, on the sovkhozes (state farms), the kolkhozes (collective farms), and so forth. At any rate, thanks to the fodder, fruit, vegetables, meat, milk and other livestock produced on these plots, not only did the lot of the peasants improve, but the entire national economy benefited.

The policies of the post-Stalin leadership toward these private garden plots has fluctuated. Malenkov encouraged production on garden plots by cutting requirements for compulsory deliveries to the state and reducing the agricultural income tax on the plots by more than one half (1953–1955). During 1953–1955, Malenkov and Khrushchev emerged as advocates of privately owned livestock whose number subsequently showed an astonishingly rapid rise. Khrushchev made this policy quite clear at the Plenary Session of the Central Committee of the C.P.S.U. in September, 1953:

> Only people who do not understand the policy of the Party, the policy of the Soviet Government, can think that danger to the Socialist system is provided by the presence of productive livestock personally owned by a kolkhoz household within the limits set by the Kolkhoz Statutes. It is necessary to put an end to the prejudice that it is shameful for a worker or an employee to own livestock as personal property.\(^{13}\)

In March, 1956, however, a decree was issued to discourage Soviet farmers from giving excessive attention to private garden plots. It ordered a reduction in the legal size of garden plots and the amount of livestock permitted. Thus Khrushchev showed signs that the Party was worried about the outstanding success of the privately-run sector of the economy. It was felt that this success might endanger the very foundation of the Soviet system of agriculture. In a comment on May 17, 1956, Khrushchev summarized this concern as follows:

> I must frankly say that if we relied mainly on the private producer, we would be confessing our own helplessness. If one supports this “theory”, it will turn against the kolkhozes and the kolkhoz system.\(^{14}\)

However, this shift elicited much grumbling and discontent from farmers and was finally reversed in May of 1957, when Khrushchev advocated the complete abolition of the requirement for compulsory deliveries from garden plots.

The period 1958–1964 was one of “reaction”\(^{15}\), when Khrushchev’s drive against agricultural production on private garden plots really became manifest. The RSFSR,

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13) *Правда*, 15 сентября, 1953, стр. 2.
for example, prohibited workers and employees living in cities from maintaining any kind of livestock. During 1958–1964, private agricultural production tremendously declined. One Soviet source\(^{16}\) reports that during this period the total sale of agricultural products at city kolkhoz markets declined by one-third: individually, sales of potatoes and poultry declined by 30 per cent; vegetables by 26 per cent; livestock products by almost 40 per cent; beef and milk by 50 per cent. Correspondingly, the markets' prices increased tremendously. The same source reports that in 1964, prices exceeded the level of 1958, on the average by 27 per cent: the price of potatoes increased by one-third; vegetables by 23 per cent; livestock products by almost 40 per cent; beef and milk by almost 36 per cent; and poultry by 50 per cent.

After Khrushchev’s downfall, therefore, one of the first “harebrained schemes” to be eliminated by the new government was Khrushchev’s garden plot policy. Early in November of 1964, similar decrees were issued in the Russian and other Republics lifting previous restrictions on garden plots, as well as on private livestock, whose allowable number had been “groundlessly restricted.\(^{17}\)” In his policy speeches of both November, 1964, and March, 1965, Brezhnev recognized that “the measures previously undertaken by the government and the Central Committee removing the restrictions on the maintenance of livestock in the personal possession of collective farmers, workers, and employees will be a great help in solving the task of increasing the products of animal husbandry.”\(^{18}\) Thanks to these drastic policy changes, the market prices of potatoes, bacon, pork, beef and eggs had, by as early as 1966, gone down by anywhere between 11 and 32 per cent.

3. **Justifications**

How, then, do the Soviets rationalize the private garden plot? Especially, how do they account for the means of production left in the hands of private individuals to farm their plots? As for the means of production owned by individual peasants and non-co-operative artisans (which I discussed in the preceding section), the Soviets try to excuse themselves by pointing to the following: (1) the rigid restrictions imposed on this type of property; (2) its insignificant role in the socialized economy; and (3) its almost certain fate (gradual elimination) in the foreseeable future. Mainly due to the more significant role of the garden plot in the Soviet economy, however, similar justifications for its continued existence are bound to seem less convincing, but let me discuss each of them nevertheless.

First of all, the new Brezhnev-Kosygin government itself has scrapped the previous restrictions imposed on the garden plots and livestock. For example, the November, 1964, decree of the Russian Republic declared that “norms for the maintenance of livestock and the dimensions of the land plot in the personal use of collective farmers”

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\(^{16}\) Макеенко, М., “Экономическая роль личного подсобного хозяйства,” Вопросы Экономики, 1966, № 10, стр. 57.

\(^{17}\) Советская Россия, 4 ноября, 1964.

\(^{18}\) Правда, 27 марта, 1965.
had been groundlessly restrictive. Most articles contributed to periodicals by chairmen of kolkhozes criticized these "completely unjustified" restrictions.

Second, since November, 1964, it has also been stressed that private garden plots will not disappear in the foreseeable future. F. Tromsa, chairman of a kolkhoz, wrote in Pravda on November 15, 1964, that on the basis of its record, it would be "premature and incorrect" to discard the private garden plot. With regard to the recent perspective on garden plots, M. Makeenko wrote in Voprosy Ekonomiki (October, 1966), in an article which has become a milestone, that "the standard of development of the socialized economy does not allow the absolute curtailment of 'personal subsidiary enterprise' (private garden plots—H. K.)." Continuing his discussion of the prospects for private garden plots, he wrote:

Of course, from a more remote perspective, it (the private garden plot—H. K.) will disappear with the achievement of a full socialized economy ... In the meantime, "private subsidiary enterprises" have a large role to play in securing the necessary conditions for the normal reproduction of labor power in the agricultural economy.

Third, the private garden plot has been traditionally justified by Soviet theorists as just a "supplementary" or "subsidiary" (последующий) source of income, the primary (основной) source being labor in the socialized sector of the economy. Khalfina, for instance, made this point particularly clear in 1955, asserting that the personal property associated with private garden plots bears a "... subsidiary character; the basic source for the maintenance of able-bodied men must be their labor in a socialized organization." G. F. Eremeev wrote in 1958 that a garden plot serves "not as a primary, but only as a subsidiary source of income." In 1964, however, Khalfina seemed less clear on this point when she wrote: "... besides the primary source from the socialized kolkhoz economy, every kolkhoz household has ... personal property in the form of a subsidiary enterprise on a garden plot." In 1966, Khalfina did not even find it necessary to stress this "subsidiary" character of the private garden plot.

It could be demonstrated that this slight change in Khalfina's emphasis on the subsidiary character of the garden plot is nothing more than a reflection of the changing attitude of the Soviet government itself. However, it was Makeenko's article, which appeared in Voprosy Ekonomiki in October, 1966, that expressed more faithfully the drastic policy change of the Brezhnev-Kosygin government toward the private garden plot. Namely, this article not only fully supported the cancellation of the

20) Правда, 15 ноября, 1964; Сельская жизнь, 12, 18, 19, ноября, 1964.
22) Макеенко, там же, стр. 62.
23) Халфина, Право личной собственности граждан СССР, стр. 7.
24) Еремеев, Д. Ф., Право личной собственности в СССР. Москва: Госюриздат, 1958, стр. 19.
25) Халфина, Право личной собственности, стр. 15.
26) Khalfina, Personal Property in the U.S.S.R. p. 11.
previous restrictions, but also provided the new government with a theoretical basis for the protection and encouragement of the garden plot. In brief, the importance of Makeenko’s milestone article, entitled “The Economic Role of Personal Subsidiary Enterprises,”27) lies in his plain and candid statement that the private garden plot does not always constitute a mere “subsidiary” source of income, but, on the contrary, is frequently a “primary” source, in the present Soviet Union. Let me, however, briefly summarize the manner in which he reached this conclusion.

Makeenko starts from the following questions: Why do “personal subsidiary enterprises” exist under Socialism? What place do they occupy in the socialized economy? Unfortunately, up to the present time, Makeenko says, it has been impossible “to find any correct answers to these questions in our economic literature.28) Most Soviet jurists and economists have usually stressed the subsidiary, consumptive character of this type of enterprise (Venzher, Khalfina, etc.).29) Makeenko cannot agree with this traditional rationale. He asserts that this is true only in the case of, what he calls, “normally paid”30) workers, who, securing their minimum living expenses through their income from the socialized sector of the economy, receive additional (дополнительный) income, for consumptive purposes, from a private garden. For other groups of workers, Makeenko stresses, a “personal subsidiary enterprise” plays quite a different role. Namely, for those workers whose income from work is very low, it constitutes, not an additional, but an indispensable (необходимый) source of income. In brief, only with wages plus the income from a private garden plot, can the low-paid worker support himself and keep working.

Thus, Makeenko continues, it can be said that “personal subsidiary enterprises” on garden plots have been fulfilling two different functions: a supplementary source of income for certain groups and an indispensable source of income for others. It can also be said, according to Makeenko, that, depending upon the state of production in the socialized sector of the economy, this type of enterprise plays different roles at different times, i.e., at times it serves primarily as an indispensable source of income, while at other times its role is primarily supplemental. Introduction of the guaranteed wage system, for instance, he adds, will “strongly accelerate”31) the trend toward a supplemental role.

However, Makeenko concludes that, at the present moment, “personal subsidiary enterprises” on garden plots still serve, to a considerable extent, as an indispensable source of income. Even in 1965, for instance, “one kolkhoz household in the socialized sector of economy,” Makeenko writes, “possessed only one cow and half a pig.”32) If such kolkhoz farmers do not own cattle as part of a “personal subsidiary enterprise,”

27) Макеенко, там же, стр. 57.
28) Макеенко, там же, стр. 58.
30) Макеенко, там же, стр. 59.
31) Макеенко, там же, стр. 59.
32) Макеенко, там же, стр. 60.
he continues, "they are unable to secure the livestock products necessary for their family at the expense of the socialized sector of the economy." 33)

Some idea of the significant role which production on private garden plots plays for the kolkhoz household is provided by the following data. In the RSFSR, the percentage of produce the average kolkhoz household receives from the private sector of the economy comes to: grain—about 7 per cent; potatoes—about 90 per cent; vegetables and melons—80 per cent; milk, meat and eggs—nearly 100 per cent; hay—about 52 per cent; other coarse fodder—about 3 per cent. 34) These facts, Makeenko believes, demonstrate the economic raison d'être of the "personal subsidiary enterprise." And Makeenko concludes that this clarifies the "necessity, usefulness, and significance" 35) of this type of enterprise for Soviet production.

4. Productivity is the Key

It is quite obvious that behind the conciliatory Soviet attitude toward private garden plots lies the fact that the productivity of this sector of the economy is much higher than that of the socialized sector. For instance, it is reported that in Azerbaijan during 1953–1960, the number of cows in the private sector increased by 84 per cent, whereas the increase was only 3 per cent in the socialized sector. 36) The chairman of a kolkhoz reported in November, 1964: "Our 1,070 kolkhoz households produce approximately 25,000 centners (one centner equals one hundred kilograms—H. K.) of milk, 2,500 centners of meat and 50,000 centners of potatoes and vegetables," and concluded that "it would be foolish to dismiss such a quantity of products," because such an attempt "hurts the most industrious and conscientious" collective farmers. 37)

Incomparably high productivity—this is the real reason why Soviet leaders have difficulty in eliminating private garden plots. On the other hand, this is also the reason why limitation on the growth of garden plots have been imposed (and their eventual elimination must even be contemplated), for otherwise the private sector would continue to grow, and could easily grow fast enough to threaten the "primary" position of the socialized sector, that is, the private sector might cease being "subsidiary." Even if this is only a potential danger and, hence, remains merely theoretical, there is another, and more practical, reason why unrestricted leniency toward private garden plots might result in a situation which is quite detrimental to the cause of Soviet Socialism. The reasons for high productivity in private garden agriculture can be found, as one might easily imagine, in the spirit of initiative and invention, special affection and care for the products of one's own labor and the strong individual responsibility which are so readily cultivated by private property instincts. Thus, it becomes quite apparent that the high productivity of private garden plots poses a dilemma for Soviet leaders, who want to make full use of the plots to provide

33) Там же, стр. 60.
34) Там же, стр. 60.
35) Там же, стр. 64.
36) "Повышать уровень руководства, опираться на массы," Коммунист, 1961, № 4, стр. 9.
37) Сельская жизнь, 18 ноября, 1964.
sufficient livestock products to the population on the one hand, while, on the other hand, avoiding, as far as possible, the dangerous and undesirable side-effects which the unrestricted growth of the private sector of the economy might have for the cause of Socialism.

Only with the rapid growth of productivity in the socialized sector of the economy, can Soviet leaders successfully solve this dilemma. The more the socialized sector produces, the less the whole economy will depend on the private sector. Then, it would not even be impossible to imagine, as predicted by the Soviets, that kolkhoz farmers would voluntarily give up their private plots, which would then be economically outdated compared with socialist production. However, the question of how to increase the production of the socialized sector of economy again comes to the fore. The post-Stalin leadership has a definite answer to this question: the intensive use of material incentives. Here, once again, it becomes quite clear that the Soviets have not yet found a satisfactory way of eluding the dilemma of ends and means, which I described in Chapter 1.

C. Land

1. Official Theory

The Constitution of the U.S.S.R. has made land the exclusive property of the state (Art. 6). This principle of state ownership of land is considered the core of the Soviet system of property. Thus, most of the agricultural land in the Soviet Union is (with the exception of a small percentage allotted to individual peasants and granted as private garden plots) in fact used directly by the state and the sovkhozes, or is turned over to the kolkhozes for free and perpetual use. Direct or indirect criticism against the sovkhoz-kolkhoz system is taboo in the Soviet Union. In short, it can be safely said that the principle of state ownership of land and the sovkhoz-kolkhoz system in agricultural production, have been firmly established in the U.S.S.R. Of course, this means that there is no room for the private ownership of land.

I have already mentioned that there are still individual peasants who do not belong to either sovkhozes or kolkhozes. The continued existence of individual peasants, however, probably does not provide any significant danger to the socialized system of agriculture, since, except for the consideration that their existence has prevented the Soviets from being theoretically consistent in their property system, these peasants may be dismissed as quite “negligible” in number. I have also discussed the fact that the private garden plot has been a more powerful argument against the sovkhoz-kolkhoz system than the existence of individual peasants, since it has demonstrated incomparably higher productivity in agricultural production than the socialized sector. This productivity of the private plots seems to have been the source of challenging ideas for Soviet politicians and agricultural experts, ideas regarding the size of farms and even the individualistic character of agriculture. It has been said that the Soviets have not as yet found the best agricultural unit, but from the Western point of view all the Soviet suggestions seem to propose units too large for farmers
to feel individual responsibility for the land, agricultural implements and production as a whole.

2. Recent Soviet Experiments

In this connection, recent Soviet agricultural experiments in some sovkhozes seem worth discussing in detail. These experiments were designed to divide the land of the sovkhoz or the kolkhoz into sections, each run by a small group of farmers, in order to make farmers feel more responsible for the land and the agricultural implements, to say nothing of production itself. These experiments were first reported by a Soviet agronomist, V. Zhulin, in *Komsomol'skaia Pravda* (August 7, 1965). One and a half years later, an editorial in *Pravda* (December 10, 1966) indirectly endorsed the experiments of Zhulin by reporting an even more radical experiment in the sovkhozes approvingly.

Zhulin starts by posing, once again, the same unsolved question of Soviet agriculture, that is, to say: what is the best size for the basic unit of agricultural production (cf., e.g., the zveno-or-brigade-dispute between Andreyev and Khrushchev in 1950)? Zhulin concludes that the most efficient unit to hold responsible for the quantity and quality of work would consist of from four to six workers.

In today's U.S.S.R., land is formally "fastened" or "secured" to the sovkhozes and kolkhozes. Zhulin reports that the chairman, agronomists and brigade chiefs are replaced so frequently that no one really feels responsible for the land, machines and other equipment, let alone for agricultural production itself. As a result of this, land is often "covered by weeds, occupied by mice and blown away like sand."

The concept of state (or "the people's") property is understood by sovkhoz or kolkhoz farmers as follows: "Our property or the people's property or the state's property—all this means nobody's property."

In light of this situation, Zhulin raises a crucial question: is it really impossible to entrust land to a small group of people, granting them the right to be its master in the name of the whole people? In other words, Zhulin proposes that land be "secured" not to be the sovkhoz or the kolkhoz, but to the small zveno (звено), which would consist of four to six people. Such a small number of people, uniting smoothly and greatly relying upon each other, would eliminate, Zhulin believes, such evils as inefficiency, waste, and irresponsibility, which the large zveno does not necessarily exclude.

These suggestions of Zhulin are based on his experiments on his sovkhoz "Krasnoialski." Since 1963, he has performed experiments in which land and agricultural equipment are turned over ("secured") to a zveno of six farmers. According to the statistics for a similar experiment conducted in 1964 in "Zolotaia niva," a zveno produced 12, 916 rubles worth of agricultural products per

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38) Жулин, В., "Кто ты, земли хозяин?" *Комсомольская Правда*, 7 августа, 1965.
39) Sometimes the term отряд (detachment) is used interchangeably with звено (link), although the former is usually employed to mean a "mechanized detachment."
farmer, while the sovkhoz as a whole produced, 2,088 rubles worth per farmer. In other words, the zveno consisting of six people produced more than six times as much per capita as the rest of the sovkhoz.

Furthermore, Zhulin discovered in his actual experiments with the zveno system that “securing” land to a zveno for a period of six months or a year is not long enough to make the farmers feel fully responsible for the land. Thus, he now strongly suggests that a period of at least three years is necessary. Zhulin cites his interview with Nageli, the chief of a small team on his sovkhoz, which was experimenting with his ideas:

Zhulin: What do you think? Has working in small teams been better or worse? How do you evaluate your three years of work on your team?
Nageli: I cannot speak on behalf of all. Of course, the attitude toward work and the care for one’s own land has improved. But, according to the contract, I am master of the land for six months. This is being master for one season. This is not being master. And the machines were not really “fastened.” Is it possible that we could really feel responsible for implements which we used for one year?
Zhulin: If, then, the land were given to the team for a number of years?
Nageli: Such a thing won’t happen.
Zhulin: Nevertheless, if it did?
Nageli: I would think, of course, that it would be managed well. . . . If the land were given, we would not obtain less than five centners per hectar, even in a drought.

Therefore, Zhulin concludes that if the land were turned over to the farmers for a number of years, then “what an agricultural miracle they could demonstrate!” For, no one knows better than Zhulin that once independence was granted to a zveno on his sovkhoz, everyone “worked like crazy, frequently sleeping at night on his own plot of land,” since “he could see the actual objective right before his eyes.” In light of this, therefore, Zhulin has a further proposal: for the zveno to become the real master of the land, it is necessary to turn over the land “not conditionally, but legally.” Only when the zveno becomes a legally independent production unit, with corresponding rights and duties, Zhulin argues, would it carry full material responsibility for agricultural production.

It might be correctly argued that what I have described is merely an experiment, not to be understood as demonstrating any definite future policy change in Soviet agriculture. Zhulin’s experiments and suggestions cannot be dismissed easily, however, if we are aware of the fact that an editorial in Pravda, the most authoritative organ in the U.S.S.R., has confirmed the existence of experiments similar to Zhulin’s (in a sovkhoz, called “Zolotaia niva,” in the Omsk oblast’). On December 10, 1966, after one and a half years of silence since the appearance of Zhulin’s article in Komsomol’skaia

40) Правда, 10 декабря, 1966.
41) Жулин, там же.
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Pravda, the Soviet leadership not only officially praised this kind of experiment, but called for even bolder, more creative experiments and further research in the same direction by Soviet agricultural experts. How should we evaluate this? Is it indicative of future drastic changes in Soviet agricultural production, particularly in the area of state ownership of land?

It still seems quite premature to conclude from these experiments on Soviet sovkhozes and their praise by the Party, that Soviet leaders have started to give serious consideration to the possibility of turning over all land on the sovkhozes and kolkhozes to small groups of farmers. Further, it would be even riskier to predict that legal "securing" of land to the zveno itself constitutes a step back toward the private ownership of land. Thus, I am afraid that Mr. Rinjiro Harako, a Japanese expert in Soviet affairs, was somehow confusing his own wishful thinking with the actual implications of these experiments, for he drew very far-reaching conclusions from them. He argued, for instance, that the existence of these experiments in the framework of the sovkhoz indicates that "the day will inevitably come in the U.S.S.R., when these experiments will play the role of gravedigger for the sovkhoz-kolkhoz system."43)

On the other hand, only those who confuse "ideology-oriented" postulates with reality, can dismiss Mr. Harako's predictions with any degree of certitude. Because of their important implications, it at least seems certain that we cannot dismiss these Soviet experiments as just another episode in the history of Soviet agriculture. Let me mention just two of those implications which seem to be crucially relevant to the Soviet system of collective agriculture.

First, the four to six people proposed by Zhulin as the ideal constituent unit of a zveno happens to be the average number of persons in a Russian agricultural household. Is it not possible to conclude, then, that if a group of six is six times more productive (per capita) than an entire sovkhoz, a private peasant household is

42) Правда, 10 декабря, 1966.

On the other hand, Professor Roy D. Laird, an American expert on Soviet agriculture, feels it is too premature to conclude from these experiments that the post-Khrushchev leadership will eventually sanction the widespread use of the independent zveno and thus a fundamental change in the kolkhoz-sovkhoz system will be brought about. (Laird, Roy D., "The New Zveno Controversy: Forerunner of Fundamental Change?" Ost Europa Wirtschaft. Stuttgart: Posterlagsort No. 4, 1966, p. 260.) In another article he has written: "the new leadership (that is, the Brezhnev-Kosygin leadership—H.K.) appears unwilling as yet to carry out a fundamental alteration of the existing system at the cost of inviting the evolution of independent peasant interest groups and admitting implicitly that Marxist-Leninist forms are incompatible with efficient agricultural production." (Laird, Roy D., "New Trends and Old Remedies," Problems of Communism, Vol. XV. No. 2, March-April, 1966, p. 28.)
probably a far more productive unit than a sovkhoz or a kolkhoz? Furthermore, the *zveno* of four to six farmers also has something in common, qualitatively, with the private peasant household, that is, initiative, responsibility and incentives. Namely, in a small unit of agriculture, unlike the large collectivized farms, it is not too difficult to assess the real contribution of each farmer, and hence to reward him according to his own contribution. Only with this direct link between the individual's effort and his reward (the core of material incentive system) can the individual farmer be made to feel responsible for the care of the land and production.

A small-size holding system of agricultural production has numerous advantages over other systems, some of which are indicated above. Furthermore, it is a universal and irresistible principle that the more mechanized and rationalized agriculture becomes, the fewer people it takes to handle an ever-increasing volume of production. (For instance, most agricultural machines are best built for use by one or two men.) In this light, we might assume that the size of the traditionally gigantic Soviet agricultural unit is likely to become ever more inefficient and dated. Some scholars contend that "if and when Soviet agriculture attains the present level of efficiency on U.S. farms, then it should be able to do all its work (even with much larger numbers of livestock, and with a much larger volume of production generally) with a labor force that is a mere fraction of the present one."44

Some pragmatic East European "Communist" countries (especially Poland and Yugoslavia) have already surrendered to these attractions, breaking up their collective farms into private farms in the 1950's.45 And who is to say that the Soviet Union will never follow the example of her East European allies? Even if this proves too extreme a remedy, it is at least possible that the *zveno* system, a compromise with private peasant management, will be put into effect in the Soviet Union. In the light of the bold reforms which have been introduced in the area of industrial production, it does not seem far-fetched to imagine similar reforms in agriculture. This would be quite consistent with the material incentive policy pursued by Khrushchev's pragmatic successors. Only then, would it be possible to agree with Mr. Harako that "the Soviet collective system of agricultural production has taken the first step toward its own decay," since the content and spirit, if not the form, of agricultural production would then be exactly the same as that of private peasant production.

45) In this connection, it should be noted that an article by a Hungarian party agricultural expert explaining in detail the *Nadudvar* (Надудвар) system (a Hungarian experiment, initiated in 1953 on the "Red Star" Collective at Надудвар, intended to provide more incentives to collective farmers than the Soviet трудодень (labor day) system) has appeared in Коммунист. Publication of this article in the top Soviet ideological organ could be interpreted not only as implicit approval of Hungarian agricultural policy, but also as a sign of Soviet willingness to reconsider their system of collectivization. See Димень, И., "Материальное поощрение на службе социалистического развития сельского хозяйства," Коммунист. 1964, № 11, стр. 115-120.
In the previous Chapter, I discussed three points (individual peasants and artisans, the private garden plot, and the sovkhoz-kolkhoz system), with the purpose of discovering whether or not all the means of production are firmly in the hands of the state and other public organizations. We have found that this is not yet the case in the Soviet Union. Namely, an overwhelming share of the means of production is owned by the state and other public organizations, but some still remain in private hands.

In this Chapter, I will try to see whether all the means of consumption left in the hands of individual citizens are in strict conformity with the Soviet concept of personal property. Soviet personal property has two characteristics, i.e., it is social or socialist, and, consumptive or non-exploitative (see (I), page 56), all of which derive from a “Marxist-oriented” principle, namely, the abolition of sources of unearned income. And this criterion of “unearned income” seems to be even more important than the distinction between the means of production and the means of consumption. In the first place, the latter distinction is only a relative criterion for the classification of property, in the sense that one and the same item can be both a means of production and a means of consumption, according to the given circumstances (recall the example of the automobile). Furthermore, if the ultimate Marxist goal is the elimination of the “exploitation of man by man,” then the question of whether or not a certain item is used as a source of unearned income is more important than the question whether it is a means of production or a means of consumption.

A. Unearned Income: Qualitative Restrictions on Personal Property

The post-Stalin leadership has assumed a stricter and more rigid stance than its predecessors toward “unearned income (неуродный доход),” one of the worst evils of private property. It is said that this is due to its reaction against Stalin's quite careless neglect of this evil. Indeed, during the Stalin period, when wage differentiation was extremely large, some Soviet young people, for instance, could lead a parasitic life, without engaging seriously in work, depending upon their highly-paid parents for support. There were no particular regulations or measures to prevent this. The Stalinist Constitution of 1936, for instance, guaranteed the right of personal ownership, but did not make especially clear what role this right was expected to play in the “Socialist society,” let alone what its limits were. It is not unexpected, therefore, that this defect (unearned income), as one of the worst abuses of personal property rights became a central target of the de-Stalinization drive of the Khrushchev era.
One article in Kommunist in 1960, entitled "He Who Does Not Work, Neither Shall He Eat," deemed this defect one of the unfortunate side-effects of the cult of personality:

All these (private-property-minded tendencies—H. K.) are caused by the fact that there are still remnants of individualistic private property. Their elimination has been hindered to a considerable extent by the destruction of the Socialist principle of distribution, which occurred under the influence of the cult of personality. Manifestations of private-property tendencies are also connected with defects in the economic sphere, in governmental-judicial and ideological-educational work, as well as with the conciliatory attitudes of some organs of government toward these tendencies.46)

With a view toward remedying this situation, the post-Stalin leadership has adopted a very strict attitude toward the abuse of personal property and toward its various evil side-effects. Khrushchev made this point very clear in a speech which has since become one of the principal guidelines for the Soviet government in the area of personal property rights: "Under certain circumstances excessive personal property may become, and frequently does become, an obstacle to social progress, a breeding ground for private-property instincts; it may lead to petty-bourgeois degeneration."47) In the same speech at the 22nd C.P.S.U. Congress in 1961, he further emphasized this point as follows:

We must stringently enforce the principle of "he who does not work, neither shall he eat," the principle of pay according to work performed. At the same time we must close all loopholes that enable anti-social elements to rob society, acquire income from sources other than labor and live a parasitic life. We must suppress profiteering and similar offences with a firm hand... We favor a steady improvement in the living standard of the entire people, but are opposed, at the same time, to any excessive accumulation of property by individuals, which fosters private property psychology."48)

Since I have already discussed the quantitative restrictions imposed upon personal property (for instance, concerning number and size of housing accommodations) (see (1), page 61), I will now examine the qualitative restrictions imposed by the post-Stalin government.

(1) The general obligation of an owner of personal property is laid down by the civil legislation; namely, civil rights should not be "exercised in contradiction to their purpose in socialist society in the period of communist construction," (Principles, Art. 5; Civil Code of the RSFSR, Art. 5). Accordingly, in the case of personal property, whose purpose is the satisfaction of individual material and cultural needs, the use (or non-use) of the same for other than this purpose flies in the fact of this general principle. Not only are destruction, damage and unreasonable and wasteful

46) Kommunist, 1960, № 14, стр. 15.
47) Правда, 18 октябрь, 1961.
use prohibited, but even lack of proper care for articles of personal property falls into this category and lays such property open to confiscation by the state. (*Principles*, Arts. 31 and 32; *Civil Code of the RSFSR*, Arts. 141, 142 and 143.)

(2) Article 141 of the *Civil Code of the RSFSR*, for example, states that a dwelling house may be confiscated if a citizen mismanages his house and allows it to fall into disrepair. The reason for this regulation is explained as follows: “At the present stage, the satisfaction of citizens’ housing requirements is vital. That is why the state does not allow anyone, including the owner, to neglect the maintenance of a dwelling house.”49) Article 142 of the same Code regulates cases where a citizen owns property which is “of significant historic, artistic or other value to society,” such as a library, an art collection or a collection of documents. If the owner fails to observe the rules for their proper safekeeping, the organization concerned may take action to have the court withdraw the property, which passes into the hands of the state, while the citizen is given compensation for its value. S. M. Korneev provides us with a reason for this regulation: “socialist society cannot permit senseless distribution of material valuables, especially valuables which have social meanings,”50) and which should be owned by a person who realizes their social value.

(3) Both Articles 141 and 142 set forth regulations concerning so-called “neglected” properties. Article 143 of the *Civil Code of the RSFSR* regulates so-called “ownerless” properties, which have no owner or the owner of which is unknown. These likewise pass into the hands of the state. It seems quite probable to me, that these laws are motivated not only by the Soviet desire to ensure the proper maintenance of personal property, but also by the need to mobilize a limited number of material goods for the most effective use possible in the national economy.

(4) Besides the general principle concerning the obligation of those exercising their civil rights and certain articles on “neglected” and “ownerless” property, *The Draft of the Fundamental Principles of Civil Legislation of the U.S.S.R. and Union Republics* did not set any particular qualitative standards to govern the use of personal property. Once the draft was released for purposes of “public discussion” by legal experts and the general public in July of 1961, however, it was immediately proposed that a section prohibiting the use of personal property for drawing unearned income be incorporated directly into the law. For example, an article in a 1960 issue of *Sovetskaia Iustitsiia*, co-authored by two Soviet jurists, said:

> With regard to regulation of the right of personal property, it is important to emphasize its consumptive, non-productive character. This important point is not reflected in the published *Draft of the Fundamental Principles*.51

Similarly, an article co-authored by three jurists, which appeared in *Sovetskoie Gosudarstvo i Pravo*, in 1961 suggested:

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50) Корнеев, С. М., *Право государственной социалистической собственности в СССР*. Москва : Издательство Московского Университета, 1964, стр. 82.

The Draft must emphasize the consumptive character of personal property, which can be used only for the satisfaction of the personal needs of citizens and members of kolkhoz households, and write directly into law that the use of personal property for obtaining unearned income is not permitted. Such regulations would be aimed directly at various kinds of speculators, who try to enrich themselves at the expense of the workers.52)

In order to ensure that personal property is not used for the purpose of obtaining unearned income, some jurists further suggested the inclusion in the Civil Legislation of a provision that property used for such a purpose or for other anti-social conduct must be confiscated. Thus, S. P. Chernyauskas wrote in Sovetskoe Gosudarstvo i Pravo, in 1962:

In The Civil Code, in a section entitled “The Obligation Flowing From the Acquisition of Unearned Wealth,” it should be stipulated approximately as follows: “He who would obtain property or enrich himself in other ways, at the expense of the state or of society, as a result of such unlawful activity or anti-social conduct, is obliged to transfer all groundlessly obtained property to the state.” Inclusion of such a norm in the legislation of the Union Republics will not in any way endanger the right of personal property of those citizens whose property is legally obtained.53)

The final version of the Fundamental Principles of Civil Legislation of the U.S.S.R. and Union Republics, adopted on December 8, 1961, accepted the above proposals concerning unearned income, and thus became the first Soviet civil legislation which clearly laid down qualitative restrictions on the use of personal property. Namely, the following sentence was added to Article 25 of the Draft: “The personal property of citizens may not be used to derive unearned income.” Furthermore, many of the civil codes of the Republics make it clear that property used for the acquisition of unearned income will be confiscated. Article 111 of The Civil Code of the RSFSR, for instance, stipulates that when a citizen’s property is “used systematically by the owner for the production of unearned income,” it is liable to confiscation through the courts.

Khrushchev thus demonstrated a rather strict attitude toward one of the worst side-effects of personal property, i.e., unearned income. Nevertheless, despite the incorporation of a few strict clauses into the new civil legislation, we should not rush to any immediate conclusions regarding the post-Stalin leadership’s policies toward personal property. There are still a few problems to be considered before sketching a general picture of the matter.

For example, there is the question of how to interpret in practice the quite abstract concept of “unearned income.” Since no present legislation provides any

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definition, let alone a clear-cut one, of this term, it must be left to the courts to interpret and decide "in each individual case," in the light of "all the circumstances of the case."\(^{54}\) as they see fit. One of the criteria the Soviet courts may resort to, and actually have resorted to, is whether or not the unearned income is acquired "systematically (систематически)."\(^{55}\) In other words the "systematic" use of personal property for the purpose of exploitation of the work of others is against the law. Only the "episodic sale" of the products of one's own labor is not considered "contradictory to the essence of the right of personal property."\(^{56}\)

Furthermore, during the present stage of Soviet Socialism, certain forms of property which, according to strict Marxist standards, should be classified as "unearned income" are still permitted to exist. In practice, for one reason or another, they are not regarded as "unearned income" within the meaning of Article 25 of The Fundamental Principles and Article 111 of The Civil Code of the RSFSR. Instead, they are included under the rubric of "personal property." For this reason, I call them "borderline" cases, and would next like to examine each of them in turn, with particular emphasis upon the reasons why they have not been deemed "unearned income" during the present period of Soviet history, i.e., during the transitional stage to full communism.

B. Interest on Savings and Prizes for Lottery Accounts

The first borderline case I will examine is income in the form of interest on deposits in the State Savings Banks. Obviously, interest is not derived from one's labor in the socialized sector of the economy. Nevertheless, savings deposits have never been regarded as antagonistic to Soviet Socialism by any leader of the Soviet Union. Up to the present time, encouragement has been given such savings with several advantages granted. For example, all deposits are kept secret and are exempt from attachment for debt.\(^{57}\) Moreover, neither deposits nor the accrued interest on deposits is subject to taxation (including the inheritance tax, and so forth).

\(^{54}\) Шлеиш, Е. А., [ред], Научно-практический комментарий к ГК РСФСР. Москва: Издательство "Юридическая Литература," 1966, стр. 129.


\(^{56}\) Советское гражданское право. том. I, стр. 367.

\(^{57}\) In practice, there were cases in which an unscrupulous defendant defaulted on payment of a court judgment against him, despite the fact that he had large sums of money in the bank. The court, in such instances, was not able to offer the plaintiff relief. In the light of this practice, various proposals were put forward during the "public discussion" period before the final adoption of The Fundamental Principles, which would, at least, partially remedy this situation. For example, it was suggested that attachment of deposits be permitted in such cases as compensation for damages due to mutilation, collection of alimony, etc. See "Обсуждение Проектов Основ в г. Калинине," СГП., 1960, № 11, стр. 78.

The final version reads as follows: "... deposits ... may be attached in virtue of a court sentence or judgment satisfying a civil suit arising from a criminal case, or a court judgment in a suit for alimony (in the absence of earnings or other property which may be attached), or for the separation of a deposit which is marital community property ..." (Principles, Art. 87, IV; Civil Code of the RSFSR, Art. 395, IV).
The rate of interest on deposits, two to three per cent (depending upon the type of deposit), seems adequate enough to pull large sums of money into the socialized economy. Nevertheless, people prefer a lottery-type account. The returns from such accounts are in the form of prizes rather than interest. In 1960, the prizes amounted to 200 per cent, 100 per cent and 50 per cent of the accounts of each of the three winners, respectively, but could not exceed 1,000 rubles.\footnote{Tsunts, M. I. Furman and Ezerksaia, S., \textit{Personal Property in the Soviet Union}. Moscow: Foreign Languages Publishing House, 1960, p. 46.}

What, then, is the reason the Soviet government not only protects, but also encourages Soviet citizens' deposits in the State Bank? First, there is no doubt that deposits have been encouraged in the U.S.S.R. to enable the government to make full and active use of the small amounts of surplus money Soviet citizens possess, for spending and investment purposes. This practical necessity, however, may gradually lose its significance as the government becomes ever more financially powerful. In light of this, the second function of bank deposits should be particularly stressed. This is the material incentive function. In other words, the guarantee on deposits constitutes one essential part of the entire Soviet property incentive policy. For increased wages provide little additional incentive unless there is a legal protection to secure to workers a means to save and accumulate money. Instead of spending all his money for what is available on the shelves at the present moment, a worker may wish to save part of his income, for investment, the future purchase of goods of better quality, the purchase of high-priced durables, or the future care of whomever he may wish. If all these individual desires and choices were foreclosed, it would be quite difficult to keep the people working.

This close relation of savings to the general wage-property incentive policy of the Soviet government is vividly demonstrated by the recent rapid improvement in living standards in the countryside. More material incentives for farmers—this is one of the prime discontinuities between the post-Stalin leadership and its predecessor. Official Soviet data, as already quoted, shows that during the 1959–1963 period, the real income of peasants rose about 17.8 per cent, whereas the real income of workers and other employees rose only about 11 per cent (see [1], page 46). Therefore, we might expect that the savings of peasants have also increased more rapidly than those of other groups in the Soviet population. Mr. Raymond H. Anderson, the Moscow correspondent of \textit{The New York Times}, reports that in 1950, when one in 12 persons in the Soviet Union had a saving account, with an average balance of 124 rubles ($137), only one in 27 farm residents had money in the bank, with an average account of 51 rubles ($56). However, in 1967, when one in four persons had a saving account and the average balance was 375 rubles ($416), one in five farmers had a bank account and average balance here had risen to 318 rubles ($350).\footnote{\textit{The New York Times}, November 6, 1967.}

\section*{C. Rent}

The second case of income not derived from one's own labor, not yet regarded
as “unearned income” in the context of the civil legislation, is rent received from the lease of a dwelling house. In the Soviet Union, the owner of a dwelling house is allowed to lease any part of it and to retain the rent thus collected. Furthermore, a lessee may even sublet the whole or part of the premises which he occupies, and collect rent. It is quite obvious that neither the lessor nor the sublessor obtains this income by the sweat of his brow, nor does he add any extra material value to the house by leasing it.

What makes this acceptable in a “Socialist” society, where one’s income is supposed to be equivalent to one’s useful labor in the socialized economy? To excuse the existence of this source of income, Soviet theoreticians point to the strict limitations imposed upon rent, making it impossible for an owner to make large profits from such an operation. For instance, he may not operate an apartment house, but may lease only the spare part of a small private house, built for his own family’s needs; the income he derives from it must not be of such size as to be considered a “large profit,” namely, it should cover only the cost of maintenance, etc., and be within the limits established by law; the owner may not lease systematically as a business, and so forth.

It goes without saying that the existence of these stringent restrictions does not in itself provide any positive answer to the question of why leasing and the collection of rent are legally permitted in the Soviet Union. The positive reason for continued reliance upon this rather old technique by a “Socialist” society must thus be sought elsewhere, in the dreadful shortage of housing accommodations in the Soviet Union, a fact already mentioned elsewhere (see [1], pages 62-64). Theoretically, the demand of every Soviet citizen for housing accommodations, as with all other such demands, is supposed to be met by the government through the public consumption funds. Unfortunately, the growth of the public funds in the field of housing construction has been quite insufficient (for the reasons see [1], pages 62-63). Consequently, alleviating this deficiency has become a vital economic necessity. Hence, private initiative must be encouraged, and leasing and rents must be overlooked as a temporary, but necessary evil, which will persist “until the introduction of free housing.” V. F. Maslov has explained the situation, as well as the prospects for personal property in general, and housing in particular, as follows:

“The government does not yet have the capability of completely satisfying the demands of every citizen for the temporary use of individual articles through the public funds, especially in the area of living accommodations, and therefore it is an economic necessity to get personal property owners interested in temporarily providing property for the use of other people. With the further growth and development of public forms of service, this contract among citizens will lose all practical application.”

The 1961 C.P.S.U. Program not only proclaimed that “housing will gradually

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60) Маслов, В. Ф., Осуществление и защита права личной собственности в СССР. Москва: Госюриздат, 1961, стр. 63.
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become rent free for all citizens,” but also specifically promised that this goal would be realized “in the course of the second decade of the program’s implementation (1970–1980).” The new civil legislation of the early 1960’s which was designed to be in complete conformity with this imposing economic scheme, could consequently stipulate that “a lessee is required to make rental payment at the proper time.” (Principles, Art 57; Civil Code of the RSFSR, Art. 303.) However, provisions such as this are intended to be merely “temporary,” that is, they are meant to last only “until the introduction of free housing” by 1980.

Nevertheless, there is again reason to doubt the seriousness of the seemingly firm and unwavering intention. It is well known that the new civil legislation gives a great deal of space to regulations concerning leases and the payment of rents. For example, The Fundamental Principles devote eight articles (out of 129) to these matters and The Civil Code of the RSFSR even contains a separate chapter devoted to the leasing of private housing (consisting of 47 articles, out of a total of 569), as well as a chapter entitled “leasing of property.” (Principles, Art. 56–63; Civil Code of the RSFSR, Art. 295–341).

How, then, should we interpret this detailed codification, in the light of the promises contained in The Party Program, a document which gives the impression that “the gratuitous use of housing” is just around the corner?

It is often explained that these new regulations in the civil legislation are nothing but a systematization of court practices and precedents, as well as other relevant rules, which had previously existed in scattered form. But this explanation is not completely convincing, in view of the allegedly temporary, transitory character of these regulations. Rather, it seems more reasonable to assume that systematization was necessitated by the knowledge that this type of regulation would be of continuing importance in the future.

D. Inheritance

1. Inheritance and Marxism

Inheritance is another “borderline” case, that is, another “suspicious” form of personal property. If the “Marxist-oriented” concept of “unearned income” is interpreted with reasonable strictness, inheritance would be one of the first sources of income to be excluded from a Socialist society. However, reality of a “Socialist” society is not that simple.

Of course, the founding fathers of Marxism regarded inheritance as the cornerstone of the bourgeois capitalist property system, with the function of perpetuating the ownership of the means of production in the hands of a small group of capitalists. (see K. Marx and F. Engels, Communist Manifesto.) Since that time, the abolition of inheritance has been considered by classical Marxists to be a focal point of any

socialist program. As is well known, one of the first decrees the Bolsheviks issued after their successful coup in 1917 was intended to fulfill this program (decree of April 27, 1918, entitled “Concerning the Abolition of Inheritance”). This direct translation of the “Marxist-oriented” formula into practice, however, did not last long. The “capitalist” institution of inheritance was re-introduced during the N.E.P. period, although with some restrictions, in an attempt to encourage private initiative in the context of a partially restored capitalist economy and also as a substitute for social security the government was supposed to provide. The remaining history of the gradual restoration of this “capitalist” institution in a “Socialist” state can be found in any textbook dealing with this area of Soviet law and politics and, hence, there is no need to repeat it here.

2. The New Civil Legislations

Against this background, it is interesting to note that the post-Stalin leadership took one further step in this restoration process by eliminating so many of the remaining restrictions that this institution (inheritance) was brought nearly full-circle to a point very close to its bourgeois origins. Namely, the civil legislation adopted in the early 1960's, gave Soviet citizens almost complete freedom to bequeath their property to anyone they might choose, provided only that the legal heirs receive at least two-thirds of the total property bequeathed. Of course, it may be argued that the comprehensive decrees of 1945 had already broadened, quite extensively, the circle of persons to whom a citizen could bequeath his property in a will, as well as those eligible to inherit from an intestate deceased. But the reform of the law of inheritance in the new civil legislation (of 1961–1964) was an even further step in this direction. Let me discuss this point in greater detail.

First, the previous Civil Code of the RSFSR, which exactly reproduced the decrees of 1945, stipulated: “In the absence of persons specified in Article 418 (the heirs at law—H. K.), the property may be bequeathed to anyone.” (Civil Code of the RSFSR, as amended in 1945, Art. 422, III). This means that a testator had freedom to bequeath his property to an “outside” person only when there were no heirs at law. Furthermore, the provision was even interpreted by some jurists to mean that a bequest to an outside person could not be executed so long as there existed even one heir at law, even if this heir did not himself wish to receive any property of the deceased. The new civil legislation, however, eliminated this absolute priority over “outside” persons given to the “heirs at law,” by granting the freedom to leave property to “one or more persons, whether or not included in the circle of ‘heirs at law,’ as well as to the state or to particular state, co-operative and public organizations” (em-
phasis supplied by H. K.). (Principles, Art. 119, I; Civil Code of the RSFSR, Art. 534.) Moreover, under the old law, even a sole “compulsory heir” was beneficiary of the entire inheritance (100 per cent); the share of such an heir could be restricted only by the right of another heir at law (of the same order) (Civil Code of the RSFSR, as amended in 1945, Art. 419). However, the new civil legislation of the 1960's allows, not withstanding the existence of “compulsory heirs,” inheritance by “outside” persons, provided only that the share of the “compulsory heirs” equal at least two-thirds of what they would have received under inheritance by law. (Principles, Art. 119, II; Civil Code of the RSFSR, Art. 535).

Second, the old law established “that the testator may not derive his minor children or other heirs incapable of working of the share to which they would have been entitled by operation of the law. (Civil Code of the RSFSR, as amended in 1945, Art. 422, II.).” The laws of the early 1960’s, however, defined the circle of “compulsory heirs” as follows: “minor or incapable children (including adopted children), as well as incapable spouse, parents (adoptive parents) and dependents of the deceased” (Principles, Art. 119, Civil Code of the RSFSR, Art. 535). Thus, an exhaustive list of compulsory heirs of “the first order” (compulsory upon condition of incapability) is substituted for the old, more extensive category of other incapable heirs. “Second order heirs at law,” even in the case of inability to work, can no longer prevent the execution of a will whose beneficiaries are “outsiders” or other heirs at law, even though these beneficiaries might be capable.

3. Justifications and Criticisms

These facts allow some Western experts on Soviet law to conclude that, whatever the theoretical rationalization, the adoption of the new civil legislation may usher in “a new phase” in the development of the Soviet law of inheritance. This remark seems quite correct in the sense that the new civil legislation finally marks the reversion of the Soviet institution of inheritance back to the same status this institution occupies in the law of bourgeois capitalist countries, with one exception, i.e., the inheritance of the means of production (which is prohibited).

Only this last point (the prohibition of inheritance of the means of production) provides a theoretical justification or raison d'être of such liberal inheritance laws in a “Socialist” country. Soviet politicians and theorists arrive at this rationale in the following manner: the Soviet Union has eliminated private enterprise and private ownership of the means of production; as a result of this, only socialist ownership of the means of production and personal ownership of articles of consumption exist; therefore, it is impossible for personal property, in the form of the means of consumption, to be used for the exploitation of the labor of others. In this sense, the Soviets assert, inheritance in the Soviet Union is different, “in principle,” from its counterpart in the bourgeois capitalist countries.

67) Ibid., p. 53.
However, the classical, "Marxist-oriented," two-fold division of property into the means of production and the means of consumption has not been, as yet, (as was discussed in Chapter II), fully realized in the present Soviet Union. I have already shown that certain of the means of production are still in the hands of private individuals or groups of individuals (see the discussion on individual peasants, non-co-operative artisans and private garden plots, pp. 87-105). And, as I have shown in this Chapter, several of the means of consumption do not seem to fit the Soviet definition of personal property (interest, prizes from savings accounts, rent from the leasing of housing or a part of it). Therefore it is hard to concur in the assertion of a Soviet jurist that the objects of inheritance in the Soviet Union are money and consumption goods "obtained by honest work in the socialist economy."\footnote{Khalfina, Personal Property in the U.S.S.R. p. 83}

Furthermore, since the abolition of the inheritance tax in 1942, it is possible, at least theoretically, for an heir, even an adult quite capable of working, to live in a large inherited house, on savings or on income from a copyright. Thus, it seems certain that, by virtue of the recent liberalization of the inheritance law, the post-Stalin leadership has put itself in a very awkward position, in so far as its campaign against parasites is concerned. In the light of this, it is very interesting to note that the pragmatic Brezhnev-Kosygin team modified the notorious anti-parasite law less than one year after its predecessor's downfall.

The new decree, which went into effect on October 6, 1965, put forward a new, more limited definition of a parasite—any "able-bodied person stubbornly refusing to engage in honest work, and leading an anti-social, parasitic way of life."\footnote{Khalfina, Personal Property in the U.S.S.R. p. 83} It did not mention the person who works, but actually supports himself on unearned income, that is, one who works only for appearance's sake.\footnote{Bezopasnosti v obshchestvennom obsveshchenii, \textit{PCCP}, 1965, No 38.}

Rather than call it "socialist inheritance," it seems much simpler, and more consistent and convincing for the Soviets to justify their law of inheritance by saying that the protection of inheritance is an inevitable extension of the guarantee of the right of personal property during the present stage of Soviet history. A guarantee of the right of inheritance is necessary to ensure the effectiveness of the personal property incentive policy—the cornerstone of the post-Stalin scheme for building Communism—for Soviet citizens would not find the right of personal property in money and articles of consumption nearly so attractive, if they were not simultaneously guaranteed the right to bequeath such property to their dependents or to whomever they might wish. As a matter of fact, certain Soviet theorists do justify the Soviet law of inheritance in this manner. Khalfina, for instance, emphasizes this factor above everything else. She points out that the Soviet Constitution itself establishes a close linkage between the two rights (private property and inheritance), for in Article 10, the right to \textit{inherit} personal property is guaranteed immediately after a declaration
of the right to own personal property. Slightly further, she argues that "a citizen who has acquired his property by honest work in the socialist economy naturally wishes to make sure how and by whom his property will be used after his death." S. N. Bratus, another Soviet expert on civil law, puts it more bluntly: "The Fundamental Principles protected the right of inheritance, because of the existence of the right of personal property; the latter right will continue to exist until the transition to communist distribution is completed."

This justification seems to be quite realistic, and helps us to better understand why the law of inheritance has been liberalized to the point of striking similarity with its counterparts in the capitalist countries. The post-Stalin leadership has even taken the risk of diluting its campaign against parasites, rather than put its material incentive policy in jeopardy. No matter what ideological setbacks it might suffer and no matter what unfortunate side-effects might result, the liberalization of the inheritance system was therefore inevitable, so long as the post-Stalin leadership defined its basic goal as the construction of the material-technical basis of full communism and the basic means to this end as a policy of personal property incentives.

E. Conclusion to Chapters II and III

Theoretically, as was already discussed in the Introduction (I), pages 53-54), the ideology-minded Soviets are not necessarily in a position to choose, with complete freedom, any means to their desired end. No matter how effective and powerful a means it might provide, therefore, bourgeois, capitalist private property is out of the question in a country claiming to be "Socialist," for, it is possible to use private property for the exploitation of the labor of others or for the acquisition of unearned income, two major evils which Soviet Socialists originally intended to destroy. Instead, Soviet ideologues and theoreticians have invented a special legal category of property, which is expected to eliminate this evil once and for all, that is, personal property.

I have shown in Chapters II and III that, in the name of personal property, certain elements of private property have crept into the practical application of Soviet legal and economic theory. Why is this so? First of all, certain elements of private property (such as interest derived from deposits in Savings Banks and inheritance) must be permitted to exist as an inevitable extension and augmentation of the policy of personal property incentives. In other words, without these institutions, Soviet citizens might not have sufficient motivation to continue working after having secured their minimum maintenance. This is the reason why Soviet practitioners have had to incorporate certain elements of "private" ownership into the structure of "personal" ownership.

71) Art. 10 of The Constitution grants the right to inherit personal property in the following manner: "The right of citizens to own as their personal property, income . . . derived from work . . . is protected by law, as is also the right of citizens to inherit personal property."


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Certain other elements of private property (such as private garden plots, rent, etc.) are even more essential, as indispensable supplements to the insufficient production of the socialized sector of the economy. Clearly, without the help of the private sector it would be impossible for the Soviet government to meet the demands of Soviet citizens for meat, milk, eggs, and other fresh vegetables and housing accommodations. Why, then, are private plots, for instance, more productive than the socialized sector of the economy? The answer must be sought in individual initiative and invention, proper care for implements, emotional attachment to and strong responsibility for the products of one’s own labor, characteristics which more frequently accompany labor in small-scale, decentralized private enterprises than in huge, centralized, impersonal enterprises such as those which compose the socialized sector of the Soviet economy. Further, these characteristics are all firmly tied to the underlying motive force of material incentive, a force almost completely absent in the socialized sector of the economy. This is the second reason why practical-minded Soviet politicians have had to dilute their concept of “personal” ownership through the incorporation of elements of “private” property.

In light of the practical necessity of incorporating elements of “private” property into Soviet “personal” property, the claims of certain Soviet theoreticians seem rather puzzling and incoherent. For example, Ts. Stepanian, the leading Soviet expert on “the transition to Communism” wrote in Kommunist (1960):

Even today, in the more advanced kolkhozes, we find that the peasants voluntarily give up their livestock and their “subsidiary enterprises (private garden plots—H. K.)”74

Concerning a different aspect of personal property, the same scholar has declared:

It is time to think about adopting decisive measures for completely eradicating all abuses... which create the soil for transforming personal property into private property. (emphasis supplied by H. K.)75

Of course, this transformation of various elements of private property into personal property has already been accomplished at the hands of those who drafted the civil legislation of the early 1960’s, which incorporated such elements of private property as private garden plots, savings, interest, rent and inheritance into the category of personal property.

On the other hand, there is no doubt that the Soviets are quite well aware of the theoretical vulnerability and practical dangers for “Socialist” society of such an incorporation. One of the worst threats such a program poses for Socialism is the cultivation of a private-property-minded psychology. The Soviets themselves have admitted that remnants of this psychology still survive in Soviet society, although they ascribe its persistence to the capitalist heritage. For example, the author of a

74) Степанян, Ц., “О закономерностях перерастания в коммунизм,” Коммунист, 1959, № 14, стр. 42.
previously quoted article in Kommunist (1960), entitled “He Who Does Not Work. Neither Shall He Eat,” puts it this way:

The Socialist structure has not yet been able to eliminate the possibility of the appearance of private-property tendencies and other remnants of the capitalist heritage... The mentality of hundreds of millions of people, educated in the spirit and morality of private property, by an exploitative system, has already been formed on Socialist soil.76)

More concretely, the following practices are feasible, at least theoretically, and have even been reported in practice: renting publicly-owned housing accommodations for oneself and one’s family, then leasing a privately-owned dwelling house or dacha or both for exorbitant rent; investing money in lottery type accounts and winning. If the capital derived in such manner or by other means is then inherited and increases in the course of two or three generations, what will be the results? At the very least it will, once again, make it easy for young people to live off the estate of their living or deceased parents, without engaging in any “useful” work.

The only solution to such theoretical and practical dilemmas, both actual and potential, is the growth and development of production, especially in the socialized sector. As I have repeated over and over again, however, production in the socialized sector can be increased, according to the post-Stalin formula, only by the intensive use of “personal” property incentives, which incorporate certain elements of private property. Here, again we see the mutual dependence of private property and production; namely the existence of private property depends upon production, which in turn depends upon the existence and use of private property. This relationship is an exact repetition of that between personal property and production, as described in Chapter I. Therefore, the same dilemma as in the case of the latter can also be found, at least to a certain extent, in the relationship between private property (as means) and the final goals of Communism; the means is used to its fullest, only to be destroyed eventually (self-destroyed), but, in fact, the means is used to such an extent that it sometimes seems to threaten the ultimate goals themselves, the goals it is supposed to serve. Thus, private property has come to threaten such goals as the emancipation of the people’s consciousness from the heritage of capitalism, full equality for all mankind, the elimination of exploitation, etc. Actually, in practice, the use of private property is burdened by more restrictions than is the use of personal property. Nevertheless, theoretically, at least, the dilemma surrounding Soviet private property looks even more serious and more tragic than the dilemma over personal property, in the sense that it concerns an outdated remnant of the capitalist past,77) whereas the dilemma described in Chapter I was “the result of the victory of Socialism.”78) Personal property is not necessarily antagonistic to the cause of communism, and certain forms will even continue to exist under full communism.

76) Kommunist, 1960, № 14, стр. 15-16.
77) Халфина, Право личной собственности, стр. 13.
78) Там же, стр. 13.
CHAPTER IV: PERSONAL PROPERTY AND EQUALITY

"All animals are equal but some animals are more equal than others."
—George Orwell—

The post-Stalin leadership has been trying to achieve an abundance of material goods (end) through the intensive use of personal property incentives (means)—this is the basic assumption which underlies my entire dissertation. Even if this relationship between means and end eventually proves correct, the adequacy of the means must be reconsidered if this means threatens to destroy or seriously damage other ends, which may be as essential or even more essential than the end originally served. From this point of view, I intend to examine the relationship of the personal property incentive policy (a means to the end of material abundance) to another important end of Communism, i.e., egalitarianism.

A. Classical Marxist-Leninist Formula

In classical Marxist theory all material goods are divided into two categories: the means of production and the means of consumption. So far as the means of production are concerned, the Soviets claim that complete equality has been firmly established in the present Soviet Union, since an overwhelming share of the means of production is found in the hands of the state and other public organizations. And the Soviets consider this a case of complete equality for all citizens “in the most important thing—their relation to the means of production.” This is “the Socialist principle of production.” However, this equality in the area of ownership of the means of production has not been matched by complete equality in the distribution of the means of consumption, that is, the realization of distribution according to need. Why is this so?

V. I. Lenin, commenting on Marx’s Critique of the Gotha Programme, provided a clear answer to this question. He wrote as follows in his State and Revolution:

Marx shows the course of development of Communist society, which is forced at first to destroy only the “injustice” that consists in the means of production having been seized by private individuals, and which is not capable of destroying at once the further injustice consisting in the distribution of the articles of consumption “according to work performed” (and not according to need). (emphasis in the original text)⁷⁹

Lenin further contended that, according to Marx, “this is a ‘defect’, . . . but it is unavoidable during the first phase of Communism.”⁸¹ Namely, “we cannot imagine that, having overthrown capitalism, people will at once learn to work for society.”⁸²

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⁸¹) Там же, стр. 95.
⁸²) Там же, стр. 96.
Therefore, “according to work performed” has to remain the legitimate and only legitimate policy until “the springs of co-operative wealth flow more abundantly,” and the transformation of work into the “first necessity of life” takes place.

This socialist principle of distribution consists of an equality whose measurement is made according to the standard of labor—namely, equal pay for equal work, depending upon its quantity and quality. However, participants in production are not equal to each other: one is stronger, the other weaker, one has a family, the other does not, one is old, the other young, and so on. Hence, inequality in wages and standard of living is “unavoidable.”

B. Some Post-Stalin Efforts to Correct Stalin’s Highly Differentiated Wage Policy

Since the time of this justification by Marx and Lenin, equality, one of the most important slogans of Communism, has been neglected and disregarded to the point where it seems to inhabit a permanent limbo. This was especially true under the Stalin regime, which adopted a highly differentiated wage system in an effort to industrialize the country as rapidly as possible. At this time, all egalitarian communist ideals were sweepingly condemned as “petty-bourgeois” or “equality-mongering.” The Soviet Encyclopedia went even further, declaring that “Socialism and egalitarianism have nothing in common.” Since Stalin, as already pointed out (see (1), page 72), mistakenly looked upon the wage system as the only form of distribution, while neglecting the public consumption funds (which have an egalitarian function) completely, the inequality caused by excessively differentiated wage rates was directly reflected in Soviet society. Thus, the “workers’ fatherland” quickly became a land of great income inequality, which naturally has invited strong criticism, even from allies. Consequently, it is not surprising that one of the most pressing tasks the post-Stalin leadership had to face, immediately after the demise of its predecessor, was the reversal of the “destruction of the socialist principle of distribution, which had been permitted under the influence of the cult of personality.” Since there are two modes of distributing the means of consumption (personal property and the public funds), there are two approaches to the correction of inequality: 1) more equal distribution of wages and salaries; 2) widening of services and benefits provided by the more “egalitarian-oriented” public funds. Mention was already made, however, of the emphasis upon

84) Ibid., S. 22.
85) Ibid., S. 20.
86) Ibid., S. 21.
90) Жуков, там же.
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the latter approach in the post-Stalin period (see [1], page 74). Therefore, in this Chapter, I will limit myself to a discussion of the other approach taken by post-Stalin Soviet leaders, that is their attempts to lessen social inequality directly, through an easing of the differentiation in wage scales.

In July, 1955, Premier Bulganin, in his speech at a meeting of the Central Committee of the C.P.S.U., charged that “the Soviet industrial wage system was thoroughly disorganized, leading to great inequality in the earnings of workers doing the same jobs in different plants.”91 This statement by Bulganin correctly indicates that more than two years after the demise of Stalin, his successors discovered that, under the dictator, even the Socialist principle of distribution, i.e., the principle of equal pay for equal work had not been correctly observed. It was also discovered that the wage rates themselves had been left unchanged for a number of years, despite the rapid progress of technology and the inflated prices caused by the industrialization drive since the 1930's. Thus, the first task for Stalin's successors was the creation of new wage guide-lines for the various branches of the national economy. Between 1957 and 1959, according to Soviet statistics, 235 different guide books were compiled with the cooperation of the special academic research institute, sovnarkhozes (regional economic councils), and government enterprises.92 Based on these wage guides, reform began in the mid-1950's and continued into the 1960's, thus seeking to “assure so far as possible that workers of a given occupation could receive the same wages regardless of where they were employed.”93

It was realized that one of the most serious defects of the Stalinist phase of Soviet history had been the remarkable gap between the highly-paid and the low-paid workers. The correction of this defect thus became the second, and most important, task for the post-Stalin Soviet leadership, which adopted a policy of selective correction of income disparities; namely, the wages and pensions of the most-poorly-paid workers were to be raised, whereas high earnings were to be frozen or even reduced. Khrushchev made this policy very clear at the 20th C.P.S.U. Congress, when he announced that the minimum wages paid Soviet workers would be raised, while reductions had been ordered in the “unjustifiably high wages” of the best paid. He also promised that the lowest pensions paid to retired Soviet workers would be raised, while “unjustifiably high” pensions would be reduced.94

The achievements of this policy, which was put into effect in 1956-57, were “remarkable.” The wages of low-paid workers and employees increased very promptly and greatly. During the three years from 1956-59, according to one Soviet source,95 the wages of first grade workers in the area of heavy industry, for instance, increased anywhere between 45 and 74 rubles; in the basic areas of light industry and food,

91) Правда, 17 июля, 1955.
92) Волков, А., “Сокращение рабочего дня и упорядочение заработной платы,” Коммунист.
1960, № 13, стр. 33.
93) Schwartz, op. cit., p. 100.
94) Правда, 15 февраля, 1956.
95) Волков, Там же, стр. 31.
between 40 and 51 rubles. On the other hand, the number of workers and employees with monthly wages of up to 60 rubles decreased. In heavy industry, as a whole, where the normalization of wages had already been completed, the number of workers in this latter category decreased by 50 per cent individually, in the coal industry—the decrease was 88 per cent; in the ferrous metallurgy—almost 66 per cent. Furthermore, the same source reports that, whereas, formerly the highly-paid had received from 2.5 to 3 times more than the low-paid, now, as a rule, the difference was from 1.8 to 2 times more. A. Volkov, who is responsible for these statistics, thus concludes: “the policy of our Party on the gradual narrowing of the scale of wages of low-and-high-paid workers is constantly being realized by the normalization of wages.”96) To what extent can we trust this Soviet data? Harry Schwartz, the Western expert on Soviet economics summarizing the changes in wages and pensions for approximately the same period, 1955–1958 (which he calls “the good years”), observes:

Thus several million workers had their earnings raised to the new monthly minima of 27 rubles in rural areas and 30 rubles in urban areas. Several million pensioners also benefited as minimum monthly pensions were raised to 22.5 rubles in rural areas and 30 rubles in towns; they had been much lower earlier. The maximum old age pension was lowered to 12 rubles a month.97)

Further adjustment of wages was promised in the glittering perspective of the new Seven-Year Plan (1959–1965), made public at the 21st C.P.S.U. Congress in early 1959. At the Congress, responding officially to the Chinese challenges to the Soviets’ sincerity about communist egalitarian ideals, a challenge which had begun a year earlier, Khrushchev made public the following rather fantastic plan:

It is planned to carry out this measure gradually in two stages:

The first stage will cover the period 1959–1962. In this stage it will be necessary to complete the adjustment of the wages of workers and employees which has already begun, while simultaneously raising the minimum wage to 40–45 rubles a month in all branches of the economy.

The second stage will cover the period 1963–1965. In this stage it is planned to raise the minimum wage of workers and employees in all branches by an additional 10 to 15 rubles a month, that is, to increase it from 40–50 rubles to 50–60 a month, with some increase in the wage and salary rates for medium-paid workers and employees.”

On the matter for a further improvement in the pension system, Khrushchev drew a similarly rosy picture for Soviet low-paid workers:

It is necessary to increase the minimum old-age pensions from the present 30 rubles a month to 40 rubles a month by 1963, and to approximately 45 to 50 rubles in 1966 in cities, and from 25.5 to 34 rubles by 1963, and more in 1966,

96) Там же, стр. 31.
97) Schwartz, op. cit., p. 80.
in rural areas, and also to increase minimum pensions for disabled persons and for dependents who have lost their support.\footnote{98)}

Less than three years after this program was made public, A. Volkov, chairman of the State Committee of the Council of Ministers of the U.S.S.R., who was responsible for matters pertaining to trade and wages, announced in Pravda, that as a result of the preferential rise in wages of low-paid workers and employees, the number of industrial workers earning monthly wages up to 40 rubles inclusive was reduced by 75 per cent; the number with wages from 40 to 50 rubles was reduced by 60 per cent; and the number with wages from 50 to 60 rubles was reduced 50 per cent. On the other hand, the number of workers with wages from 100 to 160 rubles per month was increased “by almost 50 per cent.”\footnote{99)}

Despite Soviet boasting, it is well known that most of the promises Khrushchev made in 1959 did not even come close to being fully realized, due to the pressure of repeated economic setbacks during the first half of the 1960’s, especially in agriculture. And finally, the Seven-Year Plan itself was abandoned, when the decision was taken to adopt a special two-year plan for 1964 and 1965. Nor was the plan for minimum wages realized as per schedule. By the end of 1964, the lowest paid workers looked forward to a minimum wage of 40 to 45 rubles a month, rather than the 50 to 60 rubles promised for that period in the Seven-Year Plan.

Recently, the Brezhnev-Kosygin government announced its wage and pension programs, which were scheduled to take effect on January 1, 1968. Among other things, the minimum wages of workers and employees in all areas of the national economy will be raised to 60 rubles per month. For certain categories or workers it will be raised to 70 rubles. Similarly, pensions for the old aged and invalids will be raised considerably, etc. It remains to be seen, however, to what extent these promises will be realized in practice.\footnote{100)}

C. Complete Equality is Not Contemplated

Thus, the attempts of the post-Stalin leadership to scale down the large-scale social differentiation caused by the wage policies of its predecessor have not been as successful as promised. Economic setbacks, the strong opposition of privileged groups, and even the unfortunate climate of international politics could all be employed to
rationalize the non-fulfillment of or delay in the implementation of these pledges. Of course, it may be doubted that Soviet leaders ever seriously intended to fulfill these promises. On the other hand, the most important point to emphasize here is that, in espousing these policies, no post-Stalin Soviet leader has ever seriously contemplated the possibility of eliminating all differences in wages. Why should this be so? Let me turn to this question now.

In brief, official Soviet theory resolutely condemns complete wage equality, without the necessary “objective social conditions” first being fulfilled, calling it “levelling” (уравниловка) since, above all, it would tend to undermine the “Leninist principle of material incentives.” I. Oblomskaya, for example, makes this position very clear:

Indeed complete equality in wages for labor is impossible, since this would lead to levelling, which contradicts the principle of distribution according to work and thus is not permissible in a socialist society, even during the stage of the construction of Communism.\(^{101}\)

Khrushchev himself put it more bluntly. For instance, at the 21st C.P.S.U. Congress, at which he announced his fantastic “control figures” for minimum wages, pensions, etc. (quoted above), he also made it clear that “levelling would not mean transition to Communism, but the discrediting of Communism.”\(^{102}\) In his address to the 22nd Congress in 1961, after stating that “the process of narrowing wage differentiation for labor has nothing in common with levelling,” Khrushchev continued at the same time tactfully using this theme to advance his campaign against the “anti-Party” group:

Above I gave details of the Party’s plans in this sphere of production and living standards. Some comrades, however, propose to go considerably farther than the planned targets and extending, in the near future, the principle of the free satisfaction of the requirements of members of society to a broader range of material and cultural values; this would be tantamount to introducing equal pay for all, irrespective of qualifications or the nature of the work performed. Such proposals are profoundly erroneous. To take such a path would be to remove the material stimulus for higher labor productivity, to hamper the building of communism. (Applause)\(^{103}\)

Thus, far from being condemned, what has been called a “remarkable though not excessive differential”\(^{104}\) in wage payments is defended as an indispensable element of the wage incentive policy. Moreover, it is expected to persist, even up to the threshold of full Communism. In other words, only “excessive differentiation” should be corrected. It must be corrected, first, because it is no longer necessary, having already served its original purpose, that is, rapid industrialization in a “take-off” period, and, second, because it has become something of a burden for another goal.

\(^{101}\) Обломская, там же, стр. 24.
\(^{102}\) Правда, 28 января, 1959.
\(^{103}\) Правда, 19 октября, 1961.
\(^{104}\) Майер, В. Ф., Заработная плата в период перехода к коммунизму. Москва: Издательство Экономической Литературы, 1963, стр. 95.
of the post-Stalin leadership—the gradual construction of Communist society. Now there is a need to distribute, on a relatively equal basis, material rewards to the greater portion of the population, the portion which was neglected for so long and has now begun to demand its proper share for further work.

Against this background, it would even be possible to argue that the efforts of the post-Stalin leadership to normalize the differences in wage payments were based not so much on the desire to increase the welfare of the Soviet people, as on the wish to provide a more rational incentive system, in order to further raise productivity, as part of its grand design. This position is candidly acknowledged by both Soviet politicians and Soviet theoreticians. For example, F. G. Maier writes as follows in his *Wages in the Transitional Stage to Communism* (1963):

> What adjustment of the difference in wages means is, not departure from the principle of distribution according to work, but, on the contrary, the consistent execution of this principle in practice: ... As long as all measures by the Party and the Government concerning an increase in the wages of low-paid workers and employees, and the improvement of their organizations, pursue the purpose of completion of distribution according to work, then, by this very fact, they prove to be directed also at the strengthening of material interestedness of workers in the results of their own work. (emphasis supplied by H. K.)

Khrushchev, the politician, put it more bluntly on May 5, 1960:

> We must pursue a policy of bringing wage levels closer together. We must make efforts to narrow the gap in the payments for workers' labor by bringing up the low-paid categories of workers and employees to the middle group and the middle group to the highest paid. This is our way, because this way is correct and equitable and will create the conditions for encouraging the labor of all members of our socialist society, so as to prevent depersonalization and to avoid depriving workers of incentives to develop constructive, scientific thinking and to develop socialist competition for the attainment of the best results of labor.

D. How to Reach Complete Equality

In view of what has been discussed thus far, we can rightly conclude that complete equality in distribution is so distant that it is not even contemplated in the present stage of Soviet history. When, then, will it be achieved? And how? Again, Khrushchev seems to provide a basis for answering these questions. In his report to the 21st Party Congress, in 1959, the “Congress of the Builders of Communism,” he summarized the problem as follows:

> Distribution according to need can be effected only at the highest stage of communism, when society's productive forces have reached a higher level of development than under socialism and when all members of society will work according to their ability and their labor will become even more productive.

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106) Хрущев, Об отмене налогов..., стр. 25.
Only in these conditions will an abundance of consumer goods be achieved and the transition made from the socialist principle of distribution according to work to the principle of communism: "from each according to his ability, to each according to his needs."

The above quotation makes it quite clear that, first, Communist distribution according to need is only possible at the highest level of economic development, the level which will assure an inexhaustible abundance of material goods (material prerequisite). Second, complete equality in distribution of consumption articles is possible only when work becomes the people's prime need in life (spiritual prerequisite). In his continued adherence to these two preconditions, Khrushchev proved himself a faithful student of the founding fathers of Marxism-Leninism.

Then, what is unique in the Khrushchevian re-emphasis on these conditions? The concrete efforts to actually produce these preconditions in the Soviet Union, as soon as possible, through a more rational and more intensive use of material incentives, is singular. This policy, however, as repeatedly discussed above, inevitably gives rise to serious dilemmas. The same kind of dilemma is found in the effort to achieve complete equality through a wage incentive policy, that is, complete equality must be secured through the fulfillment of both spiritual and material prerequisites; but the people's desire to work voluntarily will be secured only in a society with material affluence. Consequently, material abundance has to be achieved first, by all means; to achieve it, there is only one effective means left: the intensive use of a material incentive policy. The core of this policy, however, is the principle of distribution according to work. The public consumption funds with their egalitarian function, must not weaken, but, rather, must strengthen personal property incentives; thus, a remarkable (though not an excessive) amount of inequality is not only inevitable, but necessary. In sum, full equality (a goal) will be possible only through a material incentive policy (a means). Yet, this means is, in principle, contradictory to the goal itself. Here again, we encounter an ironic dilemma of means and ends. But the Soviets seem to be rather optimistic about solving this dilemma through the rapid development of productivity. Probably this is so because they believe that the dilemma is an inevitable result of the process of dialectical development. Oblomskaiia provides a typical example of such thinking. She writes:

Consequent application of the principle of material interestedness does not postpone, but brings us nearer the realization of complete equality, i.e., the Communist principle of distribution according to need, since the material interestedness of the members of society in the development of socialist production serves to strengthen the growth of productive forces.

107) Правда, 8 февраля, 1959; Внеперередной XXI Съезд..., том 11, стр. 523.
CHAPTER V: MATERIAL INCENTIVES
   AND MORAL STIMULI

A. Criticism of Khrushchevian "Economism"

Practically all Soviet leaders have considered an abundance of material goods as the most important prerequisite for achieving the goal of full communism (so important a prerequisite that it sometimes becomes almost tantamount to a goal of Communism itself). This basic prerequisite can be achieved, according to the Soviets (claiming fidelity to Leninist teachings), not through direct enthusiasm, but rather, through an increase in the personal material interest of the working masses in the results of their work. This is the reason why, during the present stage of Soviet history, personal property and even elements of private property have been protected, the development of the public consumption funds has been rather restrained and full equality in the distribution of the means of consumption has been condemned as leveling.

It is quite natural that these "materialistic-oriented" policies, which have been even further intensified during the post-Stalin period, have been a constant target of criticism both at home and abroad. "Economism," "revisionism," "goulash communism," and "restoration of capitalism" are just a few of the labels which have been attached to Khrushchevism and "Khrushchevism without Khrushchev." I have no intention of discussing the validity of all these criticisms, for they go beyond the scope of this dissertation. My only object in this final Chapter is to touch upon the one point related to my subject which all these criticisms have in common, namely, the Soviet neglect of the spiritual prerequisites for building the Future Communist society.

Of course, the Soviets have never denied the importance of the spiritual prerequisites and never fail to hold them up in juxtaposition to the material ones. Nevertheless, when one reads Soviet literature written during the post-Stalin era one is left with the distinct impression that the emphasis placed upon the objective (material) prerequisites is much greater than that placed upon the subjective (spiritual) ones. Let me demonstrate this point by providing more evidence. For this purpose, it seems very appropriate to turn to the Chinese Communists' critique of the Soviets' "materialist degeneration." I will deal with two periods in recent Chinese history.


The Chinese experiments in 1958 with the People's Commune and the "Great Leap Forward" presented a serious challenge to the Soviet method of building Communism, for the implication was that these experiments came closer to the great Communist ideals than did Russian policies and programs. It was suggested, for example, that the Chinese leaders were mobilizing the masses with the aid of such spiritual stimuli as enthusiasm, devotion, education, and ideology, rather than material incentives.
such as wages and property. At the same time, they were drastically curtailing private ownership of garden plots, livestock, fruit trees and even household belongings. Instead, they were experimenting with the genuinely egalitarian “free-supply” system, which guaranteed every commune member free goods and services. All commune members received free food, clothing and housing, assistance for births, marriages and burials, as well as free medical treatment, education for their children, movies and other entertainment.

Initially (1958), the Russians tried, as much as possible, to ignore the ideological implications of the Chinese experiments. In the first place, they were not ready to respond to the Chinese, since before 1958 the Russians had never seriously discussed the problem of transition to Communism as an actual possibility. Secondly, it is obvious that the silence and reluctance to discuss these questions was rationalized as being necessary in order to avoid any impression that serious conflict over basic Communist programs existed between the two communist giants. In January of 1959, however, it was disclosed in Life magazine that in an interview, on December 1, 1958, with U. S. Senator Hubert Humphrey, Khrushchev had expressed strong disapproval of China’s People’s Communes. Confirming his own basic policy, he said:

You know, Senator, what those Communes are based on? They are based on that principle, “To each according to his needs.” You know that won’t work. You can’t get production without incentives.¹⁰⁹

It was at the 21st C.P.S.U. Congress in January and February of 1959, that the post-Stalin leadership, for the first time, made an effort to respond to the Chinese challenges of the previous year, by spelling out its own official program for building Communism. In his speech at the Congress, Khrushchev referred back to the founding fathers of Marxism-Leninism to justify his government’s material-incentive policy:

V. I. Lenin taught that, without material incentives, it is impossible to lead scores of millions of people to communism (“Works,” Vol. XXXIII, p. 36). The founders of Marxism-Leninism stressed the importance of the principle of the material stake of all working people in the growth of public production as a factor in the creation of an abundance of products for the transition to communism, and in their day they criticized a leveling approach to distribution.¹¹⁰

Further, Khrushchev implied that the Chinese experiments with distribution according to need were quite premature, asserting that distribution according to need could be effected “only at the highest stage of communism when society’s productive forces have reached a higher level of communism than under socialism.”¹¹¹

After the Congress, some practical measures were initiated which could be interpreted as Soviet responses to Chinese claims that they were moving toward Communist ideals, while the Soviets were not. Some of these measures were: the creation of

¹¹⁰) Правда. 8 февраля, 1959; Внеочередной XXI Съезд..., том II, стр. 523.
¹¹¹) Там же.
Personal Property in the Soviet Union

comrades' courts, the creation of workers' militias, and the new regulation prohibiting the transfer of land to private individuals for the construction of dachas. But with regard to the basic problem, i.e., the wage question, the Soviets have stood firm, even to the present day. At the 22nd Congress in 1961, Khrushchev made the following statement, which was also written into the C.P.S.U. Program: “Payment according to one's work will remain the principal source for satisfying the material and cultural needs of the working people” (emphasis supplied by H. K.), although the portion of the national product which the individual receives without regard to work should increase steadily. Despite their theoretical and ideological vulnerabilities in this dispute, the Soviets were able to circumvent the Chinese challenge during 1958-1959, owing to the disastrous failure of the Chinese experiments and to Soviet pressure on Peking through material assistance. However, this does not necessarily mean that by giving up the Communes, the Chinese were completely abandoning their ideological challenge to the Soviets.

C. Recent Chinese Criticism of Soviet “Economism”

It has recently been reported that the Chinese Communists have once again intensified their campaign against Soviet “materialist degeneration.” There is no doubt that this accusation is closely connected with the Chinese internal power struggle and the turmoil of the “Great Proletarian Cultural Revolution.” Namely, when the Mao Tse-tung and Lin-Piao factions started a vigorous campaign against “economism” as the most dangerous heresy of the moment, this label of heresy was attached not only to Khrushchevite Soviet revisionists, but also to the anti-Maoist faction at home. It seems likely that the real target of the Maoist faction is not the Soviet revisionists, who are too strong to be defeated at the moment, but rather the internal, more immediate, enemy, guided by Liu Shao-chi. The strategy of the Maoist faction, then, is to weaken the position of the anti-Maoist faction by giving the impression that the latter faction is nothing but the Chinese counterpart of Khrushchevite Soviet revisionism. As a matter of fact, according to The New York Times of November 25, 1967, Liu Shao-chi is referred to as “China's Khrushchev” by the Peking Press, since Liu favors “the extension of the incentives accorded peasants until recently by providing them with private plots and free materials.”

What, then, is this “economism” of which both the Soviet leadership (Khrushchev and his successors) and anti-Mao groups are accused? An editorial in Hung-ch'i (Red Flag), in 1967, entitled “Oppose Economism and Smash the Latest Counter-Attack by the Bourgeois Reactionary Line,” provides us with the Maoist group’s definition of “economism”:

What kind of stuff is economism?

It is a form of bribery that caters to the psychology of a few backward people among the masses’ revolutionary will and leads the political struggle of the masses

112) Программа коммунистической партии . . . стр. 91.

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onto the wrong road of economism, inviting them to disregard the interests of the State and their collective and the long-term interests, and to pursue only personal and short-term interests. Its aim is to strangle the great proletarian cultural revolution, to disintegrate the dictatorship of the proletariat and the system.\(^{114}\)

The editorial charges further that "economism" "encourages revisionist material incentives in a vain attempt to destroy the economic bases of socialism," and uses bourgeois spontaneity to replace "proletarian revolutionary consciousness." It concludes that this "economism" is opposed to Marxism-Leninism and Mao Tse-tung's thought.\(^{115}\)

Instead of material incentives, the Maoists emphasize "proletarian revolutionary consciousness" or "spiritual stimuli." Discussing Maoist principles of enterprise management, Jen-min Jin-pao (People's Daily), argued, in 1966, that, in order to safeguard the Socialist direction of state enterprises, it is essential "to use political and ideological work to arouse the enthusiasm of the masses and oppose material incentives of various forms.\(^{116}\)

D. The Soviet Concept of "The New Communist Man"

The Soviets themselves, of course, appear to be quite well aware of the importance of subjective factors in their task of building Communism. Indeed, Soviet writings dealing with the "most important tasks of the Soviet State" or "conditions for full communism" never fail to stress the importance of spiritual factors as well as material factors: they call for "the ideological education of the people to the new phase of social development," a conscience of the people free from the remnants of the capitalist past," "the transformation of labor into the prime necessity of life," and so on.

However, the fact that both objective and subjective preconditions for a higher stage of communism have always been mentioned in Soviet literature does not necessarily mean that the Soviets have always emphasized both equally. It seems reasonable to assume that the weight and priority assigned to each have varied over time. It may even be said that during certain phases of communism, one set of preconditions was almost completely eclipsed, while the other set was being emphasized anew. It is my opinion that this was the case during the Khrushchev years, when the material preconditions for building communism were overemphasized, to the detriment of the spiritual ones.\(^{117}\) Let me support this personal impression by providing a firmer theoretical base.

\(^{114}\) "Oppose Economism and Smash the Latest Counter-Attack by the Bourgeois Reactionary Line" (Editorial), Hung-Ch'i (Red Flag), No. 2, January, 1967, (Selection from China Mainland Magazines, No. 561, January, 30, 1967, p. 3.)

\(^{115}\) Ibid., p. 3.

\(^{116}\) "Large-Scale Debate on Placing Politics First is Unfolded in Various Areas and Department in the Country," Jen-min Jin-pao (People's Daily), April 6, 1966, (Survey of China Mainland Press, No. 3680, April 19, 1966, pp. 7–8.)

\(^{117}\) There is, of course, no doubt that exhortation and indoctrination still played, though, a far greater role in Khrushchev's Russia than in any Western country, since it was necessary for the regime to mobilize the people behind the task of industrialization. In other words, it could be said that the U.S.S.R. indoctrinates more and, at the same time, rewards less than almost any other country developing at a corresponding rate of growth.
There is evidence to support the opinion that delicate yet complex relations existed between the objective and subjective preconditions for Communism during this period. Khrushchev himself seemed to stress this point, when he said: "The establishment of a communist economy, the advancement of social relations, and the moulding of the new man are an interconnected process." How, in fact, are these elements interconnected? Can we find any inherent contradictions in the relations between them, or relations in which one element is dependent upon the other? In order to answer these difficult questions, it is first necessary to clearly define the concept of "the New Communist Man," a concept very often used with a good deal of vagueness and imprecision.

If "the New Communist Man" is defined as a Soviet citizen who works hard, consumes less, abides by the law and believes in the supreme righteousness of the Communist cause, it might not be very difficult to produce such a man in the Soviet Union, in the foreseeable future. Nor would it even be very hard to find him already existing in the present Soviet Union, for this is the type of Soviet citizen who conforms exactly to the theme currently being stressed by the Soviet government, that is, the construction of the material-technical basis of full communism through the fullest increase in productivity. There would then be no serious conflict between this "New Communist Man" and material abundance, since the former would be completely subordinate to the latter, being merely a means to that end.

On the other hand, however, it is certainly possible to draw another, more idealistic picture of "the New Communist Man," that is, the citizen who works voluntarily, to satisfy his own inner needs. The following passage from Lenin, quoted by Mikoyan at the 22nd Party Congress, obviously fits into this second category:

We call communism the system under which people become accustomed to discharging public duties without any special machinery of compulsion, and work without pay for the common good comes to be a universal phenomenon. ("Works", 4th Russian Edition, Vol. XXX, pp. 260–261.)

It would certainly take even longer and prove even more difficult to produce such a "Communist Man" than to attain material abundance itself, for only after a state of super-abundance had been attained could such an ideal Communist consciousness be secured. However, an inexhaustible supply of material goods can be obtained, according to the current Soviet official theory, only through the encouragement of material interestedness in the results of one's work. Here again, therefore, we encounter an ironic dilemma, since an end can only be achieved through the use of a means which, in principle, contradicts the end. More concretely, in order to create a "New Communist Man," interested in work only as activity or process, the material interest of the Soviet citizen in the results of his work has to be strengthened to the utmost.

In this light, it might be concluded that Soviet political leaders have not been placing as much emphasis on the creation of "the New Communist Man" as they

118) Правда, 19 октября, 1961.
have on the creation of material abundance, for it seems apparent that they regard the former either as simply a means to the achievement of the latter, or as a "super-goal," to be achieved only after the latter is already accomplished.

**CONCLUSION**

"The socialist revolution settled the most vital and crucial question—the question of property, in favor of the people."

—Ideal of New Society (a Soviet pamphlet)—

In the previous five Chapters, four problems relating to the role and significance of personal property in the post-Stalin period have been discussed. Maintenance of personal property and some elements of private property have proven necessary as a powerful incentive in the task of realizing material abundance. However, the intensive use of this incentive has, in turn, posed serious dilemmas for a "Marxist-oriented" country. Ironically enough, the Soviets have contended that these dilemmas can be successfully overcome through the attainment of material abundance itself. Moreover, there is only one road to material abundance, that is, the path of the greatest and swiftest possible increase in productivity. Thus, an increase in production has become a sacred slogan of prime importance, through which any means can be justified. The following passage from a Khrushchev speech is a good example of this new Machiavellian formula: "Everything for production's sake." Speaking on the absolute necessity for adopting a law increasing the wages of those engaged in education, public health service, community housing, public nourishment, and other areas of the national economy directly serving the population, Khrushchev declared:

Material production is the source of all abundance. However, that very material production as well as technical progress and the living and working conditions of the Soviet people require a corresponding development in service fields. A lag in the service sphere can cause damage to production and to the prosperity of the employees.121)

It is not particularly surprising, therefore, that, in order to increase production, Soviet leaders, in principle, have no objection to using whatever techniques promise to be most effective, even if developed under capitalism. In justification, the Soviets have often cited a section, already quoted above, of Lenin's "The Immediate Tasks of the Soviet Government" (emphasis supplied by H. K.). To recapitulate, it reads as follows:

The Soviet Republic must at all costs adopt all that is valuable in the achievements of science and technology in this field. The possibility of building socialism depends exactly upon our success in combining the Soviet power and

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120) Quoted in В. И. Смолярчук, "Новый шаг по пути дальнейшего повышения благосостояния народа," СГП., 1964, № 9, стр. 38.
121) Там же, стр. 44.
the Soviet organization of administration with the up-to-date achievements of capitalism.122)

There is no doubt that, as with other devices used in the Soviet Union, such as khozraschet (cost accounting), profit-making, etc., a material incentive policy appealing to the desire to own property is a typical, tried and true capitalist technique. Of course, these techniques cannot be dismissed simply by saying that what the Soviet Union has been attempting is just “the same old thing in different form” or “old wine in new bottles.” First, the Soviets still consider it necessary, at the minimum, to resolutely maintain the principal foundations of the Socialist system (i.e., the proletarian dictatorship, rejection of private enterprise, etc.). It goes without saying that whatever contradicts these foundations cannot be adopted in a “Socialist” country, no matter how effective it may be. Second, as a rule, certain techniques or devices originating in one system can, without too much difficulty, be changed or converted to match the requirements of another system.

On the other hand, it must also be recognized that it is sometimes difficult, in practice, to separate certain techniques or institutions from the spirit, or ethos, the values, or even the ideology, which constitutes their underlying motive force. Thus, it is no wonder that the Soviets, while not hesitating to borrow such capitalist devices as interest, rent, private garden plots and private livestock, have simultaneously found it necessary to be alert to the danger of private property-minded instincts creeping into the “Socialist” system.

No matter how alert they have been and no matter how stringent the controls employed on the remaining elements of private property, there are other, more general dangers, even in the personal property system. Namely, so long as such great emphasis is placed upon the role of personal property as material incentive, the “individualistic” tendency to think in terms of one’s own material interest is likely to be reinforced. In the long run, such a policy orientation tends to encourage the Soviet population to look at all its efforts in monetary and property terms. In this light, we might expect that the intensive use of personal property incentives will, for the foreseeable future, make it quite difficult for the Soviet Union to proceed smoothly toward the kind of society where people are expected to work voluntarily, without material incentives to spur them on, motivated only by inner need.

Furthermore, this danger will obviously be increased even further, as the Soviets continue to postpone the goal of full Communism, while still relying on means originally intended “only for immediate tasks.” It is quite well known that the Soviets tend to hang onto “temporary” devices or institutions almost permanently (recall, for example, the withering away of the state or the Party dictatorship). Like the proletarian dictatorship, personal property incentives are justified as a means, of transitory character, which will “negate their own necessity” in the foreseeable

However, if such means continue to remain necessary for an extended period of time, not only should the deleterious side-effects be deplored, but the adequacy and propriety of the means themselves should be called into question.

Furthermore, it is possible that, in the meantime, the theoretical distinction between means and ends may be confused or, worse, that the order may even be reversed. It has often been argued that, in the course of Stalinist industrialization, the original goal was lost sight of; the original aim was a welfare economy, but the result, instead, was a massive reinforcement of state power. The late Isaac Deutscher, the well-known Marxist, who was a persistent critic of Stalinism, took this position, when he wrote:

This meant ... intensive industrialization as a means towards an end, not an end in itself.

In the course of advance, which was made for Russia far more difficult than it need have been by wars, arms races, and bureaucratic waste, ever new contradictions arose; and means and ends were perpetually confused. As national wealth was being accumulated, the mass of consumers, who are also the producers, were exposed to continued and even aggravated want and poverty; and bureaucratic control over every aspect of national life substituted itself for social control and responsibility.

The order of priorities, in other words, was reversed. There is no guarantee that a similar confusion or reversal of means and ends will not occur, once again, under the post-Stalin leadership, especially in light of the fact that the cult of personality was revived under Khrushchev, although in less blatant form. Since the Soviet road to full communism is expected to be a long, tortuous and gradual one, rather than a "great leap forward," there is real danger of losing sight of the original goal along the way.

Against this background, it was quite epoch-making that the 1961 C.P.S.U. Program should set a concrete timetable for building Communism. For the first time, the Soviet leadership committed itself to bringing the Soviet Union to the very threshold of full communism by a specific date (i.e., 1980). Moreover, the Program concluded with a solemn proclamation (in gold type), that "the present generation of Soviet people will live under Communism." As was discussed before, however, it is not yet quite clear to what extent the Brezhnev-Kosygin government (or its successor) intends to adhere to the promises made by the "harebrained schemer." Further, and even more important, the economic setbacks the U.S.S.R. has suffered since 1961 make the fulfillment, by 1980, of the promises written into the Program highly doubtful.

Finally, it seems that setting a concrete date for the achievement of full communism, once again leaves Soviet leaders quite vulnerable to criticism. As I mentioned

123) Schmitt, Carl, Die Diktatur: Von den Anfangen des Modernen Souveranität Gedankens bis zum proletarischen Klassenkampf (Zweite Auflage), München and Leipzig: Verlag von Duncker und Humbolt, 1928, s. VIII.
125) Программа ..., стр. 142.
in the Introduction, the Soviet Union is a "goal-conscious" country, in marked contrast to the "non-ideological" West, where political, economic and social developments are relatively free of any particular schedule or goal. Although I am not especially opposed to human undertakings which seek to achieve a pre-established goal, when it comes to shaping the destiny of an entire nation, the leaders of a country should make every effort to be as sober and objective as possible, weighing future achievements in terms of present sacrifices. They must, above all, be aware of the fact that reality is always more complex and unpredictable than we perceive it to be, even when the mind is comparatively uncluttered with wishful thinking. From past experience, Soviet leaders should learn that their theoretical definitions do not necessarily match the realities of Soviet society. For instance, their theoretical view of social development (capitalist stage, socialist stage, transitional stage to full communism, and, finally, the stage of full communism itself) and their classification of property (means of production and means of consumption or Socialist property and personal property) do not seem to coincide with the social and economic facts. Such discrepancies are the main source of Soviet theoretical dilemmas and inconsistencies.

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