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**PERSONAL PROPERTY IN THE SOVIET UNION,  
WITH PARTICULAR EMPHASIS  
ON THE KHRUSHCHEV ERA  
AN IDEOLOGICAL, POLITICAL AND ECONOMIC DILEMMA\***

KIMURA Hiroshi

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## INTRODUCTION: MATERIAL ABUNDANCE AND PERSONAL PROPERTY

### A. Khrushchevian Concept of Material Abundance

An abundance of material goods was a constant theme of the Khrushchevian phase of recent Soviet history. This concept was given a much higher and more

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an extremely brief period of time. The entire project (choice of topic, research and writing, etc.) was completed within one year, an unusually short period of time for a doctoral dissertation. This is not the place to explain the reasons for the rush. The fact remains, however, that, precisely because it had to be completed in quite insufficient time, there is much room left for polishing, modifying and even expanding the text. Since my return to Japan after a successful trip collecting research materials on this subject, both at the Library of Congress in the U. S. and in the U. S. S. R., I feel the need for rewriting even more keenly. Nevertheless, realizing that temporary postponement of publication for the sake of further elaboration often tends to be unexpectedly long or sometimes even permanent, as well as the practical difficulties that extensive rewriting in Japan entails, where neither editor nor typist in the English language is easily available, I finally decided to publish this paper as originally written. Further, there is at least one undeniable advantage to be derived from immediate publication, namely, no matter how inadequate the present version, its publication provides the opportunity of viewing it from a comparatively detached, objective point of view, which should prove quite useful for further elaboration and rewriting.

I consider it both an obligation and a privilege to express here my appreciation to those whose assistance helped make the composition and publication of this paper possible. I am greatly indebted to Mr. James Stewart, Executive Director of the Japan Society, Inc., New York, for arranging a fellowship of \$ 1,000 from the Society, which enabled me to concentrate on the writing of my dissertation. No words are adequate to express my deep appreciation for the excellent academic guidance provided me by Professor John Hazard of Columbia University, my dissertation sponsor, and Professor Peter Juviler of Barnard College, my second reader. I am also grateful to Professors Alexander Erlich and Charles Syladits of Columbia and Darrel Hammer of Indiana University, who, together with Professors Hazard and Juviler, constituted my dissertation examining committee and who offered me much helpful advice and numerous fruitful suggestions, both orally and in writing. I could not have completed my dissertation before the deadline without the help of both American and Japanese friends. Of the many who assisted me, I should like to acknowledge a special debt to these few: Mr. Robert Loizzo, a Ph. D. candidate at Columbia, for his careful editing of my English; Mr. Takashi Oi, also a doctoral student at Columbia, Miss Gail Klement, a secretary at the Columbia East Asian Institute, Miss Kiyoko Ohhira, a graduate student at New York University, and Miss Fumiko Ozaki, a graduate student at the Columbia Teachers College, for their conscientious typing and proofreading. I further wish to express my sincere appreciation to Professors Masamichi Inoki of Kyoto University and Shigeto Toriyama, Director of the Slavic Institute at Hokkaido University, whose generous intercession on my behalf made publication of this paper in English possible. My grateful thanks go to Professor Kiyoshi Igarashi, Professor and ex-Dean of the Faculty of Law at Hokkaido University, who was kind enough to read this paper and who recommended it highly to the editorial board of *THE SURABU KENKYU (Slavic Studies)*. Finally, many thanks are due to Miss Kazuko Ide, assistant editor of *THE SURABU KENKYU*, for editing and proofreading the text.

In transliterating Russian proper names and words into the English alphabet, the Library of Congress system favored by the Russian Institute, Columbia University, has been followed, omitting diacritical marks.

central place by Nikita Sergeevich Khrushchev than by any of his forerunners. It is well known that for this reason Khrushchevism was labelled “economism,” “revisionism,” “goulash communism,” “nothing but capitalism,” and so on. And this great reliance, which Khrushchev placed on the creation of material abundance for the construction of full communism, has outlived Khrushchev himself (“Khrushchevism without Khrushchev”). Namely, far from scrapping it as a prime example of the purged leader’s “harebrained scheming,” the Brezhnev–Kosygin team has shown continued, and even increasing, adherence to a Khrushchevian type of grand design for the attainment of material abundance.

This concept was emphasized by Khrushchev himself to such an extent that sometimes we are tempted to suspect that he almost equated it with Communism itself. For example, Khrushchev once stated in 1963:

Why does our Party associate the building of communist society with the achievement of an abundance of material and cultural blessings?... The sermons of equality in the spirit of the early Christian communities with their low standard of living, their asceticism, is foreign to scientific communism. Communism is not to be conceived as a table laden with empty plates for “highly conscious” and “quite equal” people. To invite people to such a “communist society” is the same as inviting them to spoon milk with an awl. It would be no more than a parody of communism.<sup>1)</sup>

Khrushchev even went out of his way to state bluntly in his interview with Gardner Cowles, the American publisher, on April 26, 1962, that “Communism in our understanding—is abundance.”<sup>2)</sup>

Of course it would not be correct to generalize from these statements that Khrushchev always equated material abundance with Communism itself, for this moody inscrutable politician seemed to be saying something quite different at other times. For instance, in his speech over French television on April 2, 1960, he declared: “Communism is the true realization of the slogan of freedom, equality and fraternity.”<sup>3)</sup> Many other examples of this sort could be cited. In other words, it is quite possible to suspect that Khrushchev, a buoyant propagandist, was changing his definition and image of Communism rather arbitrarily, according to circumstances, which is not an unusual tactic for a cunning politician.

Furthermore, it is even questionable whether Khrushchev considered the achievement of material abundance as a goal of communism at all, that is, as even one of the goals of full communism among many other goals. For when Khrushchev talked of material abundance, it is very difficult to decide whether he meant that material abundance was a goal in itself, or whether he was simply thinking of material abun-

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1) Хрущев, Н. С., *Строительство коммунизма в СССР и развитие сельского хозяйства*. Москва: Госполитиздат, 1963, том VI, стр. 336.

2) *Правда*, 27 апреля, 1962.

3) *Правда*, 3 апреля, 1960.

dance as a precondition of the construction of a future communist society. Evaluating each situation in which he made statements relating to this subject, I personally tend toward the conclusion that Khrushchev regarded material abundance as one of the most important prerequisites for the construction of full communism, so much so that sometimes it looks as if he allowed himself to elevate this prerequisite to the position of a goal in itself. In any case, the question of whether Khrushchev deemed material abundance as a goal of communism or precondition of communism is of secondary importance in the current context, since the point I want to emphasize here is that the concept of material abundance has become one of the key factors for the Khrushchevian type of politics, even to such an extent that it has sometimes been stressed as equivalent to an end or goal of Communism itself. In his almost too well known "goulash speech" in Budapest, Hungary, in April, 1964, Khrushchev repeatedly stressed the point that without abundance the communist ideal is at stake:

If the socialist system gives a person fewer economic and spiritual goods than the capitalist system, certain people are going to think it over and say: "Why the devil did we substitute one for the other?"<sup>4)</sup>

Or,

The working class, the toilers, rise to revolution, because they want a better life, want their spiritual and material needs satisfied.<sup>5)</sup>

## **B. Comparison with Other Models**

The concept of material abundance, however, was not a sudden Khrushchev invention, but rather has been one of the central promises of practically all Soviet leaders, even of Joseph Stalin himself, although Stalin required much more severe sacrifices than Khrushchev did to achieve it. "The whole history of the Soviet Union in these fifty years," the late Isaac Deutscher wrote in his last publication, *The Unfinished Revolution: Russia 1917-1967* (1967), "has been a struggle, partly successful and partly not, ... to overcome want and scarcity."<sup>6)</sup> Furthermore, are not material abundance and industrialization (as means to that abundance), universal objectives of not only the U.S.S.R., but also of other communist countries (including Communist China), as well as of the underdeveloped countries in Asia, Africa and Latin America, to say nothing of Western countries?<sup>7)</sup> It has recently been suggested

4) Правда, 7 апреля, 1964.

5) Правда, 2 апреля, 1964.

6) Deutscher, Isaac, *The Unfinished Revolution: Russia 1917-1967*. New York: Oxford University Press, 1967, p. 37.

7) Even if we consider material abundance and industrialization more or less universal *objectives*, it is, nevertheless, doubtful that the *standard* of material affluence sought by each country is the same as that of every other. In fact, it is quite conceivable that the national image of material affluence of the newly independent African nations, for example, or the countries of Asia, where poverty and austerity are considered virtues (India, China, etc.), is lower than that of advanced Western countries (such as the U. S. A., Britain, and France).

However, it is undeniable that as communication and trade between countries increases

by certain Western political scientists that the development of all modern societies should be viewed in a less ideological, more common framework.<sup>8)</sup> For instance, such concepts as modernization or industrial development are suggested as alternatives to the current prevailing models. Communism, according to some members of this school, is nothing but a means which backward societies adopt in order to achieve rapid industrialization, forced from above.<sup>9)</sup> Against this background, what is new about the Khrushchevian and post-Khrushchevian emphasis upon material abundance for the construction of Communism? How is it different from the traditional Bolshevik (especially Stalinist) reliance upon the material basis of the new Society? How does it differ from the capitalist's materialism? How is the theory of the post-Stalin Soviet leadership with regard to prerequisites for the construction of Communism different from that of the Chinese Communists? These are really very difficult, very large and complicated questions, which I will not try to answer in this Introduction.

To draw some conclusions for my immediate purposes, however, I believe that the Khrushchevian<sup>10)</sup> reliance upon material abundance for the construction of Communism differs from that of any of its Soviet forerunners, let alone its Oriental rival, both in its grave necessity and the seriousness of its commitment. Since I will explain later why the post-Stalin leadership found it necessary to emphasize this prerequisite for full communism, I quote here only the following Soviet statement:

The problem of abundance as an indispensable condition for transition to communist distribution was *principally* founded upon the works of K. Marx and F. Engels, and later V. I. Lenin. But only the new Program of our Party, adopted by the twenty-second Congress of the C.P.S.U., *for the first time* defined the *concrete* content of abundance, as applied to the given historic

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and as a society becomes more materially affluent, additional, and formerly unseen, human desires will be stimulated and a higher stage of material affluence will be sought. It is reported that one of the most unexpected by-products of industrialization in post-war Japan is the change in the value-system of the Japanese people (e. g. from Oriental austerity to an American-type consumer mentality). (See, Jansen, M. B., ed., *Changing Japanese Attitudes Toward Modernization*, Princeton, New Jersey: Princeton University Press, 1965, pp. 8-12.) A similar orientation has been observed in the Soviet Union and West Germany in recent years. From the above perspective, with the limitations and qualifications already described, it is my opinion that material abundance is a well-nigh universal objective.

- 8) For instance, see Cyril E. Black, "Soviet Political Life Today," *Foreign Affairs*. Vol. 36, No. 4 (July, 1958), pp. 579-581; Introduction and Conclusion of *Political Modernization in Japan and Turkey*, Ward, Robert E., and Rustow, Dankwart A., ed., Princeton, New Jersey: Princeton University Press, 1964, pp. 3-13, 434-468.
- 9) See, for example, Kautsky, John H., "An essay in the Politics of Development," *Political Change in Underdeveloped Countries*. Kautsky, ed., New York and London: John Wiley and Sons, Inc., 1963, pp. 3-122; Daniels, Robert V., *The Nature of Communism*. New York: Vintage Russian Library, 1963, pp. 245-281.
- 10) This term, unless otherwise noted, will hereafter include the leaders of the post-Khrushchev Soviet Union, who have maintained a basic continuity with his policies.

conditions. (italics supplied by the author of this paper: H. K.)<sup>11)</sup>

Furthermore, it seems to me that the *means* to which Khrushchev and his successors have resorted in order to achieve material abundance are quite unique and present quite a contrast to other methods of achieving material affluence.

First of all, the qualitative difference between the post-Stalin Soviet Union and Western countries, with regard to their means and machinery for achieving affluence, is quite obvious. That is, although not a small number of techniques and devices which are quite familiar in capitalist economies have been adopted in the Soviet Union (for instance, differentiated wages and other incentive systems; хозрасчёт or economic accounting; the introduction of such concepts as profit, rent, interest from deposits in savings banks, to mention just a few), there has been no revival of free, competitive, private enterprise, and the means of production are overwhelmingly in the hands of the state or public organizations. In other words, even the pragmatic post-Stalin political leaders have not in any way surrendered, at least in principle, their citadel of Marxist-Leninist doctrine, that is, abolition of private enterprise and public ownership of the means of production. Owing to this fact, the Soviets might claim that they have been achieving the same goal as *capitalists* (material affluence) without "the worst evils of *capitalism*." In short, what the Soviets claim is that they have adopted only the good parts of the Western system while successfully avoiding its defects, especially the central one, the exploitation of man by man. And unless some concession is made to this basic flaw of private enterprise, a flaw which constitutes one of the chief cleavages between the two systems, the socialist system seems able to borrow any technique from the opposing capitalist system without itself becoming capitalist. It was, after all, Lenin who said: "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 the Soviet organization of administration with the up-to-date achievements of capitalism."<sup>12)</sup> Moreover, while Western industrialization was a rather natural, spontaneous development based upon individual private initiative, the Soviet road to material abundance is guided and controlled by central party-government planning. In other words, it is a forced, artificial, conscious human effort. No document makes this clearer than the 1961 Program of the C. P. S. U.<sup>13)</sup>

11) Майер, В. Ф., Заработная плата в период перехода к коммунизму. Москва: Экономиздат, 1963, стр. 8.

12) Ленин, В. И., Сочинения (издание пятое). Москва: Госполитиздат, 1963, том XXXVI, стр. 191.

13) In attempting to compare, in non-ideological terms, industrialization in the Soviet Union with that in Western capitalist countries, it should be pointed out that Japan, a non-Marxist-oriented Asian country, comes close to the Soviet model, especially in her pre-war development. R. A. Scalapino has written that Japan "was the first Afro-Asian nation *consciously* to undertake a program of *rapid* modernization," (italics supplied by H. K.) (Chapter III of *Political Modernization in Japan and Turkey*, Ward, R. E., and Rustow, D. A., eds., p. 68.) C. E. Black also fits both Russia and Japan into the same pattern of political

It reads as follows: "Unlike all the preceding socio-economic formations, communist society does not develop sporadically, but as a result of the conscious and purposeful efforts of the masses led by the Marxist-Leninist Party."<sup>14)</sup>

Second, the Khrushchevian method of achieving material affluence is somewhat different from the Chinese model for industrialization (this is more so in Mao Tse-tung's theories than in those of Liu Shao-chi and other "Rightists"). Since I will touch upon not a few differences between the Russian and Chinese Communists in detail later on in my paper, I will now point out just two distinctive features which seem to separate the Khrushchevian theory of building communism from that of the Maoists: heavy stress on material incentives and a gradual approach to the goal. While the Chinese emphasize subjective factors such as ideology, devotion, enthusiasm, and other moral stimuli, Khrushchev placed the utmost use of material incentives in the center of his scheme of industrialization. In speech after speech Khrushchev never missed a chance to stress the material incentive policy, the socialist rule of distribution, as the only correct Leninist principle. Especially, in his report to the 21st Congress of the C. P. S. U. in early 1959, Khrushchev emphasized the importance of material incentives, since he felt it necessary to respond to the ideological challenge presented by the Chinese during the previous year, namely their People's Commune program and the Great Leap Forward. In a chapter entitled "New Stages in Communist Construction and Some Problems of Marxist-Leninist Theory," Khrushchev referred again to Lenin's sacred principle: "V. I. Lenin most directly stated that, without a material stake for all personnel in the results of their work, the country's productive capacity could not be raised, a socialist economy could not be built and millions of people could not be led toward communism."<sup>15)</sup> In the 22nd C. P. S. U. in 1961, Khrushchev also attacked the theories of the Chinese directly: "To ignore the principle of material incentives means to be guided by purely subjective considerations, means skipping a definite stage of development, means damaging socialist and communist construction."<sup>16)</sup>

The Chinese experiments in 1958 serve as a contrast to the Soviet gradualist approach to full communism. Whereas the Chinese, in their commune program and the "Great Leap" proved impatient enough to resort to a short cut to Communism, skipping an historical stage of development, Khrushchev adhered to the gradualist approach to building Communism. At the 21st Congress of the C. P. S. U. in 1959, for example, he implied that he strongly opposed his Chinese ally's adventures: "But society cannot leap from Capitalism to Communism, skipping the Socialist stage of development. ... Inevitably, Socialism must gradually turn into Communism. ... We

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modernization. See Black, C. E., *The Dynamics of Modernization*. New York: Harper & Row, 1967, p. 119 and *passim*.

14) Triska, Jan F., ed., *Soviet Communism: Programs and Rules*. San Francisco: Chandler Publishing Company, 1962, p. 125.

15) Правда, 28 января, 1959.

16) Правда, 18 октября, 1961.

must advance step by step, creating the material and spiritual requisites for a planned transition to Communism.” And he concluded: “It would be wrong, erroneous, to assume that Communism will somehow appear suddenly.”<sup>17)</sup> Elsewhere, in 1963, Khrushchev put this gradualist approach in the form of a characteristically homey analogy:

Would it not be better to reach them (the economic development targets—H. K.) in, say, five or ten years, rather than in twenty? Of course, it would. But it is impossible to do so in five or ten years, for that does not depend on wishes alone. The mother, even, when she gives the child a savory dish, tells it: don't hurry or you'll choke. And we know mothers wish their children well.<sup>18)</sup>

It is very difficult and still quite adventurous to attempt a comparative study of the basic attitudes and concrete policies toward the building of Communism of Stalin and Khrushchev. This is especially true when basic research has not yet produced a consensus as to the nature of Stalinism<sup>19)</sup> and Khrushchevism. For the immediate purposes of this paper, however, I will mention a few things about which there seems to exist a general agreement among students of Soviet society. There is no doubt<sup>20)</sup> that Stalin himself was a supporter of material incentives, but neither can we doubt that his successors find it even more necessary to rely upon incentives than Stalin himself (in order to keep the Soviet population working), in the sense that they are now deprived, voluntarily or semi-voluntarily, of another alternative, i. e., coercion. During the Stalin era, especially during the 1930's, the Soviet worker and peasant was forced to work to the limit of his capacity and was fed only the minimum necessary to keep him working. Once the dictator was gone, there was no one to replace him, that is, no one who could be another Stalin. Moreover, the Soviet people were greatly exhausted, and requested a release, a change of pace. This feeling was well expressed in a poem quoted by Mark Frankland in his book,

17) Правда, 28 января, 1959.

18) Правда, 29 июня, 1963.

19) The unitary concept of Stalinism becomes more difficult to formulate when we consider the changes and fluctuations that Stalin manifested in his reign of nearly 30 years. Taking his attitude toward wage differentials, for example, the entire Stalin era could be divided into three periods, during which three quite different policies prevailed; namely: (1) the period up to 1931, (2) 1931-1946, and (3) 1946-1953. While wage policies of the second period (1931-1946) provide quite a contrast to those pursued under Khrushchev, the policies of the third period (1946-1953) show much less disparity when such a comparison is attempted. See Yanowitch, M., “Trends in Soviet Occupational Wage Differentials,” *Industrial and Labor Relations Review*. Ithaca, New York: New York State School of Industrial and Labor Relations, Cornell University, Vol. XIII, No. 2 (Jan., 1960), pp. 166-191.

20) This is especially true of the period from 1931-1946. In a renowned speech in June, 1931, he claimed that “the consequence of wage equalization is that the unskilled worker lacks the incentive to become a skilled worker and thus is deprived of the prospect of advancement; ... In order to put an end to this evil we must abolish wage equalization and discard the old wage scales.” (Сталин, И. В., Сочинения. Москва: Госполитиздат, том XIII, стр. 56.)

*Khrushchev*, (1967):

The age of shows has ended,  
The age of bread has come,  
A break for smoking's been declared.<sup>21)</sup>

Against this background, we might safely say that while Stalin considered abundance a rather remote goal which could be attained only after an unlimited accumulation of severe sacrifices, both in the present and the future, under Khrushchev it was necessary to present the concept of abundance to the Soviet populace as a visible task to be attained within the foreseeable future. Otherwise, the Soviet public could no longer be encouraged to work. The 1961 C. P. S. U. Program thus promised that "the *present* generation of Soviet people shall live under Communism!" (italics—H. K.)<sup>22)</sup> It could also be said that, when the "stick" no longer worked, its alternative, the "carrot," was brought to the fore. Mr. Leo Gruliov provided a very good summary of the change in these simple, traditional political tactics in an article written for the *Christian Science Monitor* (June 6, 1967):

The Soviet regime has always rested on three elements—compulsion, incentives, and persuasion—differing in proportion at different periods. If compulsion were to be reduced as Stalin's prison camps were disbanded, not only would incentives have to be provided, in the form of consumer goods, but the propaganda would have to be made effective. This became the Khrushchev policy.<sup>23)</sup>

Furthermore, successors of Stalin have made an effort to get rid of an extreme economic and social imbalance, a hangover of the overly differentiated Stalinist material incentive policy, especially that of the 1930's. Harry Schwartz, an expert on the Soviet economy, contends in his recent book, *The Soviet Economy Since Stalin* (1965), that "by the time Stalin died, the poorest paid millions of Soviet urbanites earned only 10 or 20 rubles a month, while at the other extreme a tiny handful earned 1,000 rubles or more monthly" (the new "heavy ruble," equal to 10 old rubles and approximately equivalent to \$ 1.11—H. K.)<sup>24)</sup> And Schwartz concludes that "the 'workers' fatherland' quickly became a land of great income inequality."<sup>25)</sup>

Thus, an attempt was made by the post-Stalin leadership to alter the excessively differentiated Stalinist wage system, in order to remedy the disparity among the various social groups. A special effort was made to provide more incentives for

21) Frankland, M., *Khrushchev*. New York: Stein and Day, 1967, p. 94.

22) Triska, Jan F., *op. cit.*, p. 129.

23) *Christian Science Monitor*, June 6, 1967.

24) Schwartz, Harry, *The Soviet Economy since Stalin*. Philadelphia and New York: J. P. Lippincott Company, 1965, pp. 19-20. Mr. Schwartz does not specify the source of this data. Some scholars claim that policies to reduce wage extremes to approximately the level of the pre-1931 period were pursued by the Stalin regime after World War II. See Yanowitch, *op. cit.*, pp. 182-183.

25) *Ibid.*, p. 20.

farmers, who had been so greatly neglected by Stalin. As a result of this, during the first five years of the Seven Year Plan (1959–1965), for instance, the real income of peasants rose about 17.8 per cent, whereas that of workers and employees rose only about 11.1 per cent.<sup>26)</sup> What we have to keep in mind, however, is that, as will be discussed later in detail, none of Stalin's successors has had any intention whatsoever, at least for the time being, of aiming at full equality for all social groups in Soviet society, and that all they have tried to do is *rationalize* the wage system to such an extent that the Soviet population would be encouraged to work better.

### C. Material Incentives: A Means to Achieve Material Abundance

So far I have discussed, first, the significance of material abundance in post-Stalin Soviet history, and second, the uniqueness of the means for achieving this end, especially as compared with other models for achieving the same goal. My next task is to examine the place of personal property in this Khrushchevian scheme for achieving material affluence. For this purpose, however, I must first outline the entire structure of the Khrushchevian grand design.

In order to learn more about the concrete details of his program for material abundance, the Program of the C. P. S. U., adopted in 1961, is the first document to consult since for Soviet society the Party Program serves not only as an "encyclopedia"<sup>27)</sup> of Soviet life but as the guiding spirit for any program of Soviet economic construction. Furthermore, the 1961 Program was, as already mentioned above, the first Party Program in Soviet history which "defined the concrete content of abundance, as applied to the given historic conditions."<sup>28)</sup>

The most relevant part of the Program for my purposes is the following :

The building of Communism must be carried out by successive stages.

*In the current decade* (1961–70) the Soviet Union, in creating the material and technical basis of Communism, will surpass the strongest and richest capitalist country, the U. S. A. ...

*In the next decade* (1971–80) the material and technical basis of Communism will be created and there will be an abundance of material and cultural benefits for the whole population. ...

The main economic task of the Party and Soviet people is to create *the material and technical basis of Communism* within two decades. (italics in the original text.)<sup>29)</sup>

From the quoted paragraphs it can easily be seen that the draftsmen of the Program considered "the material and technical basis of Communism" to be "the key

26) *Ibid.*, p. 176.

27) Маслов, П. П., Доход советской семьи. Москва: Издательство "Статистика," 1965, стр. 3.

28) Ленин, Сочинения (издание пятое). том XXXXII, стр. 156.

29) Triska, *op. cit.*, p. 70.

to the solution of all the other tasks of the full construction of Communism.”<sup>30)</sup> And it is this concept that is the cornerstone of the whole document. Khrushchev himself made this latter point clear: “Our Program would have been worthless as a scientific program if it had not included the building of the material and technical basis of communism as the groundwork for the building of communist society.”<sup>31)</sup> And nothing but the construction of “the material and technical basis of communism” can ensure an abundance of material goods.<sup>32)</sup>

How, then, can the creation of the “material-technical basis” of Soviet society, which will ensure material abundance, be hastened? Khrushchev had a clear answer to this: it was possible only with the highest labor productivity. Speaking at a conference of railroadmen he made this point very clear: “By work and only by work is it possible to create the material-technical basis of communism.”<sup>33)</sup> He also remarked in 1960 that “we have begun to fill this immense bowl of communist abundance with the products of our labour. That cannot be done overnight. We shall have to work hard.”<sup>34)</sup> And in the famous speech at Budapest in April, 1964, the contents of which elicited the appellation “Khrushchev’s goulash communism,” he stressed: “After all, goulash does not fall from heaven. In order to have an abundance of food and clothing, it is necessary to have highly developed productive forces. All blessings are created by human labour. The better and the more man works, the more wealth is created for society.”<sup>35)</sup>

Since only a very limited amount of coercion can be expected from the successors of Stalin, as I have already explained above, the utmost use of material incentives is the only reliable means available for increasing labor productivity. Clearly, Marxist-Leninists do not consider the use of material incentives objectionable *per se*. Rather, Marx and Lenin considered the use of material incentives as a necessary evil. As I have already indicated, Stalin was a man who put material incentives into full use through his highly differentiated wage payment system in the 1930’s. It is not impossible to say that Stalin had adequate reasons to make full use of a large-scale differentiation of wages to achieve his purposes: during the “take off” period of very rapid industrialization, to use a fashionable term of W. W. Rostow,<sup>36)</sup> it was necessary to reward competent, loyal administrators so that a core of leaders could be created quickly and maintained with some degree of permanence.

Furthermore, there was the urgent need for skilled workers, who could be trained

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30) “Развитие производства: главное в коммунистическом строительстве,” *Коммунист*, 1962, № 18, стр. 3.

31) Хрущев, там же, стр. 338.

32) Там же, стр. 338.

33) Quoted in Фигурнов, С. П., *Строительство коммунизма и рост благосостояния народа*. Москва: Издательство Социально-экономической литературы, 1962, стр. 204.

34) *Правда*, 8 июля, 1960.

35) *Правда*, 3 апреля, 1964.

36) Rostow, W. W., *The Stages of Economic Growth: A Non-Communist Manifesto*. London and New York: The Cambridge University Press, 1963, pp. 7-9.

quickly only with high stimulus. In his “anti-egalitarianism” speech of June, 1931, Stalin made it clear that “in order to build up cadres of skilled workers, we must provide an incentive for the unskilled workers, provide for them a prospect of advancement, of rising to a higher position.”<sup>37)</sup> On the other hand, large segments of the population, especially unskilled workers and farmers, had to be deprived of most of the material return for their work, since there was not enough to go around.

After substantial industrialization had been achieved, however, the Soviet leadership found that competent, loyal administrators and skilled workers were less scarce than in an earlier stage of industrialization. In other words, they now found less need to offer high wages in order to attract such people. On the other hand, they found that they could no longer afford to neglect other segments of the population, that is, unskilled workers and peasants. The long-neglected masses started demanding some share of the benefits of industrialization. Thus, it now was not only possible, but even necessary, in the matured stage of industrialization, to distribute the economic rewards more equally and rationally. This is why the Soviet leadership had to alter the previous, excessively differentiated, incentive system. This close correlation between the scope of wage differentials and the stage of industrialization has been noted by Western scholars. Lloyd G. Reynolds and Cynthia H. Taft, for example, in *The Evolution of Wage Structure* (1956) detected “a tendency for substantial wage differentials to arise with the growth of modern industry,” as well as “the subsequent tendency for differentials to shrink gradually as industrialism matures.”<sup>38)</sup> The following remarks of Anastas Mikoyan to the 20th C. P. S. U. Congress, in February, 1956, seem to attest to the relevance of this formula to the course of Soviet industrialization :

In the period when we were attempting to industrialize a peasant country, such a gap (that is, gap between the wages of low paid categories of workers and employees and the wages of high paid categories—H. K.) was natural, since it stimulated the rapid formation of cadres of highly skilled workers, which the country greatly lacked.

Now, when we have a highly skilled and highly cultured working class, replenished each year by people completing 7- and 10-year schools, the gap, *although it must remain*, will be diminished. This situation arises from the new level of our development and signifies a step forward along the path to communism<sup>39)</sup> (*italics supplied by H. K.*).

Khrushchev reiterated this point in his remarks to the Jubilee Session of the Ukrainian Supreme Soviet, in December of 1957, when he stated that the new policies on wages were an expression of the Soviet leadership’s concern for the welfare of those who

37) Сталин, там же, стр. 58.

38) Reynolds, Lloyd G. and Taft, Cynthia H., *The Evolution of Wage Structure*. New Haven: Yale University Press, 1956, p. 373.

39) МИКОЯН, А. И., Речь на XX съезде КПСС. Москва: Госполитиздат, 1956, стр. 12.

had not benefited from earlier economic policies.<sup>40)</sup>

In sum, it could be said that the difference between Stalin and Khrushchev, both of whom were obviously in favor of material incentives, lies in the fact that Khrushchev placed more emphasis on economic *rationality* in the use of wages and other payments as incentives. This was closely connected with his greater stress on an increase in consumer goods as an ever more important element in total Soviet production. He felt that it was possible not only to raise the growth rate of the economy, but at the same time to increase the production of consumer goods and to improve the standard of living of the general public. Such emphasis was becoming both more feasible and more imperative as the Soviet economy was growing ever more mature.

Let me repeat, however, that what the post-Stalin leadership tried to get rid of was only the “excess” of Stalin’s incentive system of the 1930’s. In other words, the “Leninist” principle of material incentives had to be firmly secured until inexhaustible abundance could be achieved. Mikoian, it might be noted, has made it clear (in the above-quoted speech of 1956) that the gap between the wages of low-paid workers and those highly paid, “must remain.” (See italicized portion of quotation.)

As early as September 3, 1953 (approximately half a year after the demise of Stalin), in a speech at a plenary session of the Central Committee of the C. P. S. U., Khrushchev set forth the concept of material incentives as one of the basic principles of a socialist economy, and emphasized that Lenin had taught that tens of millions of people cannot be led to communism only through enthusiasm and political and administrative decrees. The text of Lenin which Khrushchev cited is quite familiar to students of Soviet politics, as one of the most powerful rationales for a policy of material incentives, but it is worth-while quoting it here anyway :

Not directly relying on enthusiasm, but aided by the enthusiasm engendered by the great revolution, and on the basis of personal interest, personal incentive and business principles, we must first set to work in this small peasant country to build solid gangways to socialism by way of state capitalism. Otherwise we shall never get to communism, we shall never bring scores of millions of people to communism.<sup>41)</sup>

And elsewhere, opposing Trotsky’s advocacy of a policy of egalitarianism, Lenin put the matter very boldly in 1920: “the workers are materialists.”<sup>42)</sup> In his report of October 17, 1921, entitled *The New Economic Policy and the Tasks of the Political Education Departments*, Lenin stated that “every important branch of the national economy must be built on the principle of personal interestedness.”<sup>43)</sup> Thus, the

40) Правда, 25 декабря, 1957.

41) Ленин, Сочинения (издание пятое), том XXXIV, стр. 151.

42) Там же, том XXXII, стр. 212.

43) Там же, том XXXIV, стр. 165.

principle of a *personal* material stake in the *result* (not in the *process*)<sup>44)</sup> of one's own work was not only justified, but even encouraged as the only correct *Leninist* principle. The "principle of material interestedness," Khrushchev stressed at the Congress of Agricultural Workers in Minsk, "is not a *casual* factor in our life; it is *the principle* of the construction of Communism." (italics supplied by H. K.)<sup>45)</sup> The principle of material incentive was naturally written into the most important document of the transitory stage to Communism, namely, the C. P. S. U. Program. The Program, after declaring that "the creation of the material and technical basis of communism" is to be "the main economic task of the Party and the Soviet people,"<sup>46)</sup> continues as follows:

The Party acts upon Lenin's thesis that communist construction must be based upon the principle of material incentive.<sup>47)</sup>

#### **D. Material Abundance and Personal Property**

Against the background I have outlined above, I shall turn to a discussion of the role and significance of personal property in the grand scheme of creating the material and technical basis for full communism. In the previous section I mentioned that the principle of material interestedness in the results of one's work is a "Socialist" principle of distribution. What exactly does this mean? Especially, what then is a "Communist" principle of distribution? In this section I will seek to provide the basis for answering these questions, by attempting to make clear the status and functions of personal property rights in a country claiming to be "Socialist."

The basis for the distribution of the whole social produce in Socialist society was set forth by Karl Marx nearly one hundred years ago. It is absolutely necessary for me to touch upon this here, in order to explain the rationale behind personal property in the Soviet Union. In his *Critique of the Gotha Programme*, Marx explains that from the total social product the following must be deducted: first, replacement of the means of production used up; second, an additional portion for the expansion of production; third, reserve or insurance fund. After these deductions, there remains that part of the total product destined to serve as the means of consumption. From this part, general administrative costs and the accumulation fund are further deducted. The remaining part is called the consumption fund, which is distributed among the people for satisfaction of their material needs.<sup>48)</sup>

The consumption fund is distributed in two forms: (1) The first part of the

44) Обломская, И., Материальная заинтересованность: экономическая категория социализма. Москва: Издательство Социально-экономической литературы "Мысль," 1964, стр. 76.

45) Quoted in Каринский, С. С., "Сочетание материальных и моральных стимулов подъема трудовой активности граждан в период развернутого строительства коммунизма. "Советское Государство и Право (henceforth cited as С.Г.П.), 1962, № 8, стр. 40.

46) Triska, *op. cit.*, p. 71.

47) *Ibid.*, p. 90.

48) Marx, Karl · Engels, Friedrich, *Werke*. Berlin: Dietz Verlag, 1962, S. 19.

fund is destined for the communal satisfaction of needs, such as schools, health services, etc.; the second part of the fund is for those unable to work, the aged, students, and mothers of large families. These two parts are called “public consumption funds,” in contrast to the third part of the fund, because they are distributed to people not as workers, but as members of society, according to their needs. The services rendered through these two parts of the fund are either provided free or at substantially reduced rates. (2) The third part of the fund is distributed directly to the workingman in the form of wages. The principle of distribution for this third part of the fund is the Socialist one, i. e., according to work. At any rate, with the income derived from the fund the people can purchase, individually, certain consumer goods to satisfy their material and cultural needs. If a person has money left after consumption needs are satisfied (whatever the reason might be), he can deposit the extra cash in the State Savings Bank. With regard to these items, namely, income, consumer goods, and savings, there are legally guaranteed rights, that is, personal property rights.

Thus, so far as the means of consumption are concerned, my main interest is what Marx wrote in the *Critique of the Gotha Programme* which can be summarized quite simply as follows: the means of consumption are distributed in a Socialist society either directly through wages or indirectly through a public consumption funds. The question which immediately comes to mind, is why there should be two modes of distribution? If distribution according to need through the public consumption fund is a more advanced form than that according to work through personal property, why then does a Socialist society not integrate the latter form into the former? Marx provides his answer to this question in the same essay. He explains that Socialist society has “emerged from capitalist society,” and it is in every respect, economically, morally, and intellectually, “still stamped with the birthmarks of the old society from whose womb it emerges.”<sup>49)</sup> Accordingly, it is not yet capable of getting rid of the injustice of distribution of the articles of consumption according to work performed. Namely, the Socialist principle, “he who does not work shall not eat,” is realized and people are regarded only as workers.<sup>50)</sup> This is a defect, says Marx, but it is unavoidable during the first phase of communism.

This is the official justification provided by the founder of Marxism. Its logic was not only fully supported by Lenin, the founder of Marxism-Leninism, but even used as a pretext to justify the continued existence of the State (see his *State and Revolution*.)<sup>51)</sup> However, a half century has already elapsed since the “Socialist” society “emerged from the womb of capitalism” in October, 1917. And it was declared in 1939, despite Molotov’s later declaration (in February, 1955) that only the “*foundation* of Socialist society” had been laid, that the Soviet Union had already established a Socialist society and had entered the phase of gradual transition to

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49) *Ibid.*, S. 20.

50) *Ibid.*, S. 22.

51) Ленин, В. И., Государство и революция. Москва: Политиздат, 1968, стр. 96.

a communist society. Nevertheless, the 1961 Party Program states that “by 1980 payment according to one’s work will remain *the principle* source for satisfying the material and cultural needs of the Soviet people.” (italics supplied by H. K.)<sup>52)</sup> How, then, can we account for the “delay” in “destroying injustice in the distribution of the articles of consumption according to work?”<sup>53)</sup> In a search for some answers to this puzzle, it will be more useful to look for an answer amid the practical, economic problems of the Soviet Union, than to seek an ideological, theoretical justification.

Although the Soviet government appears to believe that the communal form of consumption through public funds is ideologically more advanced and even economically more advantageous than the individual form through personal property, the economic situation of the U. S. S. R. has not yet reached the stage to make it feasible. The Soviet economy is not productive enough to allow for the distribution of consumption articles according to needs at the present stage of its development. Further, there are also other good reasons to preserve the system of personal property. I will return to this point later, but for the present I will consider just two of these reasons :

First of all, the Soviet government, occupied with the urgent tasks of production in heavy industry and weaponry, has until very recently been incapable of providing the Soviet citizenry with sufficient articles of consumption in public form (for example, public apartments, public rest homes, public taxi pools, etc.). Consequently, individual initiative with regard to satisfaction of the citizen’s consumption needs must not only be permitted, but must even be encouraged as inevitable, needed to alleviate the acute shortage of housing, transportation facilities and food, a shortage which was accelerated in the wake of the Second World War.

Secondly, it should not be forgotten that the legal guarantee to build a private house, to own a personal car, and to cultivate a private garden has at the same time played another important function, that is, as a useful material incentive to make Soviet citizens work to their utmost. In this sense, the concept of “personal (личная)” property can be understood as a concept which Soviet theorists have developed to support their differentiated wage incentive system of production.<sup>54)</sup> For, clearly, increased wages provide little additional incentive if recipients could not purchase more commodities with them. And these commodities must be subject to the protection of the law. It was Lenin who claimed: “distribution is a method, a means, a tool with which to increase production.”<sup>55)</sup>

As Soviet productivity increases, this first supplementary function of personal property may gradually decrease in importance and be superseded by public con-

52) Triska, *op. cit.*, p. 90.

53) Ленин, там же, стр. 94.

54) Hazard, John N., “The Soviet Legal Pattern Spreads Abroad,” *Law in the Soviet Society*. Wayne R. LaFave, ed., Urbana: University of Illinois Press, 1965, p. 289.

55) Ленин, Сочинения (издание пятое), том XXXIII, стр. 359.

sumption funds. On the other hand, however, it cannot be easily predicted when and how the Soviet Union will reach the economically affluent stage, at which point there will be no need for a secondary function of personal property, that is to say, the incentive function. It seems, rather, that personal property as a powerful material incentive has been ever more emphasized as a prime instrument for implementing the Khrushchevian scheme for building full communism.

### **E. Topics Covered in this Dissertation**

If my assumption regarding the relationship of personal property as a means to the end of Soviet society achieving an abundance of material goods, is an accurate analysis of one aspect of the post-Stalin phase of recent Soviet history, I must discuss further various problems arising along these lines. I have chosen, as the topics to be considered in the remainder of my dissertation, particularly those dilemmas which the use of personal property as a material production incentive has caused a "Marxist-oriented" Soviet society. These dilemmas are ideological, political and economic. The following will express some preliminary thoughts about the causes of these dilemmas :

(1) By definition, any means has less value than the end which it serves. It has only temporary use until the end is achieved. As soon as the end is accomplished, it will lose its function and disappear from sight. What will happen, then, if the Soviet assumptions with regard to means and ends do not fit this basic formula? For example, if the creation of material abundance (an end) is postponed, temporarily or permanently, what will happen to personal property rights (a means)? Is the original Soviet assumption that public consumption is a higher form of satisfaction of individual needs than personal property correct? Is it correct to assume that the former will eventually replace the latter? I will deal with these questions mainly in my first Chapter.

(2) We are not always in a position to choose with complete freedom any means to a certain end. In other words, no matter how suitable they may be, some means are either simply beyond our reach or prohibited by the nature of the end itself. This must be especially true of "Marxist-ideology-stricken" Soviet political ideologues and theoreticians. Concretely speaking, no matter how effective and powerful as material incentives some kinds of property (especially "capitalist" and "private" property) may be, they are out of the question in a country claiming to be "Socialist." On the other hand, however, the attractiveness of these means must still be quite strong to "industrialization-conscious" Soviet practitioners. How do these Soviet political leaders solve this dilemma? This will be the theme of my second Chapter.

(3) What is the relation to other goals, of a means adopted to one particular end? Must not the adequacy of a means be reconsidered if it may destroy or seriously hurt other goals? From this perspective, the third Chapter will deal with the relation between property incentive policy (a means to the end of material abundance)

and egalitarianism (one of the most important original goals of Communism).

(4) In the final Chapter, the alternative nature of means will be discussed. I will be especially concerned with whether spiritual or moral stimuli can replace material incentives in the form of personal property, as means to the end of material abundance.

In each case cited above, Soviet political leaders and theoreticians have had to face serious ideological, political, and economic dilemmas. Consequently, they have been exposed to criticism both at home and abroad. Consideration of this criticism will also, needless to say, constitute an important part of my dissertation.

#### **F. Approach to the Proposed Study**

The time has come to re-examine the chief instrument with which we have analyzed Soviet society in the past, i. e., "the model of totalitarian society."<sup>56)</sup> Many brilliant political scientists have recently tried to provide an alternate or additional model besides the traditional one. An especially convincing combination of three models has recently been proposed by Professor Alex Inkeles. These include "the totalitarian-model", the "development-model" and the "industrial-model."<sup>57)</sup> Modifying Professor Inkeles' suggestion somewhat, I propose to tackle my topic with the help of two models, namely an "ideological power-oriented model" and a "non-ideological, economic-development-oriented model."

Marxist ideology equates property with power. It is often, although not always, true that property owners simultaneously hold political power in the society. At any rate, based on a firm belief in this ideology, the Bolsheviks nationalized (or tried to nationalize) almost all property. They used property as a political means to reward friends and punish enemies of the regime. According to my first model (the ideological, power-oriented model), it would be possible to say that the Soviets have preserved personal ownership of consumer goods simply because possession of these goods offers little or no political threat. On the other hand, property which does present such a threat (duplicating machines, explosives, etc.) is prohibited even to the individual artisan.

However, the problems of property cannot be explained simply in terms of ideology and power. This approach cannot answer, for example, why some property, especially the means of production still remains in the hands of private citizens in spite of the official ideology. This is the reason why I suggested one more approach to property problems, even in a "Marxist-oriented" country, namely the "economic-development model." In fact, Soviet leaders are interested in more than just Marxist

56) See Preface to *Soviet Policy-Making: Studies of Communism in Transition*. Juviler, P. H. and Morton, H. W., ed., Frederick A. Praeger, 1967, v-xi; Symposium by Armstrong, J. A., Meyer, A. G., Kautsky, J. H. and others. *Slavic Review*, Vol. XXVI, No. 1 (March, 1967), pp. 1-28; Seton-Watson, H., "Totalitarianism Reconsidered," *Problem of Communism*, Vol. XVI, No. 4 (July-August, 1967), pp. 53-58; Inkeles, A., "Models and Issues in the Analysis of Soviet Society," *Survey*, No. 60 (July, 1966), pp. 3-17, to name just a few.

57) Inkeles, *op. cit.*

semantics and the seizure and retention of political power. They are at the same time greatly concerned with the rapid industrialization of their nation. In other words, even an "ideology-oriented" state must survive, develop, and modernize. Precisely because of this, any Soviet leadership, whether it be under Lenin, Stalin, Khrushchev, or Brezhnev-Kosygin, is forced to view the problem of property from two distinct and sometimes antagonistic points of view, namely, from the economic-development standpoint, as well as from the ideology-power angle. Hence, the inevitable dilemma mentioned above encountered.

## CHAPTER I: PERSONAL PROPERTY AND THE PUBLIC CONSUMPTION FUNDS

"Commune: all that is mine is yours, except a toothbrush."  
—V. V. Maiakovskii—

The role and significance of personal property in the particular ideological, political, and economic setting of the post-Stalin Soviet Union is the main theme of my dissertation. In order to approach this theme, I will take a rather traditional perspective in the first half of this Chapter, namely a discussion of the definition, justification, articles permitted and their classification, limitations and prospects of personal property. Since personal property is regarded in current Soviet society as only one of the two methods for satisfying the individual's consumption needs, however, obviously evaluation of another form of consumption—public consumption funds—and especially the analysis of the relationship between these two forms, come within the scope of my interests. The second half of the Chapter will be devoted to these tasks.

### A. Personal Property

#### 1. *Definition of Personal Property*<sup>58)</sup>

"Personal (личная) property" is the term adopted in the 1936 Constitution and

58) No precise definition of personal property is given in any Soviet legal code. Article 10 of the Constitution, however, enumerates the objects which can be owned as personal property by a Soviet citizen:

"The right of citizens to own, as their personal property, income and savings derived from work, to own a dwelling-house and a supplementary husbandry, articles of household and personal use and convenience, is protected by law, as is also the right of citizens to inherit personal property."

Likewise, Article 7, Section II of the Constitution gives a list of objects which can be held as the personal property of a kolkhoz household:

"Every kolkhoz household, in addition to its basic income from the collective farm, has for its own use a small plot of land attached to the house and, as its own property, a dwelling-house, livestock, poultry, and minor agricultural implements—in conformity with the Rules of the Agricultural Artel."

A few definitions of the right of personal property, provided by Soviet jurists, may cast some light on the matter:

also in the new civil legislation<sup>59)</sup> of the early 1960's. What, then, is special about the Soviet concept of "personal property?" Obviously, it appears to be different from certain other Soviet concepts of property, such as state property or co-operative property. But how does it differ from "private (частная) property" or from the types of property found in Western capitalist countries?

The features of which Soviet jurists have stressed most often are the following two: (a) its "social" or "socialist" character; (b) its "consumptive," or "non-exploitative" character.

In the first place, the prime *source* of personal property, according to Soviet jurists, is remuneration of a citizen for labor in a socialist economy. In other words, all Soviet citizens (except individual peasants and non-co-operative artisans, cases which will be discussed later) are supposed to work in a socialized economy, and receive part of the total product they co-operate to produce, in order to maintain their ability to labor further. For that reason, personal property is said to be closely connected with socialist property by virtue of the derivative nature of personal property (derivative of socialist property). Soviet theoreticians thus claim that the Soviet concept of personal property differs sharply from "capitalist" private property, the property gained by labor in the private enterprise system.

The main *purpose* of personal property is to satisfy the consumption needs of its owner. Therefore, Soviet citizens can own certain items as personal property, but may use these items for non-productive purposes only. In other words, they can neither own the means of production as personal property, nor use the means of consumption to exploit the labor of others, obtain unearned income, organize a private business or for any other purpose contradicting the principles of the "Socialist" state. By virtue of this "consumptive" and "non-exploitative" character, Soviet jurists point out that personal property in the present Soviet Union is in marked contrast with both "private" property of the 1920's and bourgeois property in the West. For, neither the private property of the N.E.P. period nor that of the capitalist countries could exclude the chance for the exploitation of others,

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"The right of a citizen to possess, use, and dispose of property granted him through an organized procedure (mainly through distribution according to work), property which constitutes a part of the whole social product, or the products of his subsidiary enterprise, for the satisfaction of his material and cultural needs." (Халфина, Р. О., *Право личной собственности граждан СССР*. Москва: Издательство Академии Наук СССР, 1955, стр. 32.); "the right of a citizen to possess, use, and dispose of the property obtained as a result of personal labor, for the satisfaction of his personal needs." (Ларкин, И. И., "К вопросу о понятии права личной собственности," С.Г.П., 1958, № 10, стр. 124.)

For an interesting discussion of these and other definitions of the right of personal property, см. Ларкин, там же, стр. 120-124.

59) Unless otherwise specified, the term civil legislation will include both of the following: (1) the Fundamentals of Civil Legislation of the U. S. S. R. and Union Republics, adopted on December 8, 1961; and the (2) Civil Codes of the Union Republics, which went into effect in the various Union Republics in 1964.

mainly due to the inclusion in these forms of property, of the right of private ownership of the means of production.<sup>60)</sup>

## 2. *Justification of Personal Property*

One of the Soviet pamphlets on personal property says: "The Socialist state does not repudiate personal property, but encourages its growth."<sup>61)</sup> Why is this so? Did not the proletarian revolution aim at the abolition of privately-owned property once and for all, in a country claiming to be Socialist? Privately-owned houses, cars, livestock—do they fit into Socialist doctrine? Do they not diminish the victory of the proletarian revolution? I have already provided two answers to this difficult question, when I discussed the reasons why the Soviets could not proceed to a single unified method of distribution, through the public consumption fund (see Introduction, p. 52). Let me review briefly: first, there is the Soviet economic inability to provide the citizenry with sufficient public goods; second, I referred to the large role which personal property plays as a powerful material incentive in the grand design for achieving material abundance.

In addition to these reasons derived from economic imperatives, Soviet theoreticians have come up with two more excuses for including personal property within their political and ideological framework. In the first place, personal property is not opposed in principle to a Socialist system, since it has, as explained at the outset of this Chapter, a "social" character, its source being the total social product of the socialized economy. Personal property is therefore bound up indissolubly with socialist property. Some Soviet theorists have gone even further, to suggest that Soviet personal property is the same as socialist property (L. Rudik, A. N. Ageev, G. N. Amfiteatrov, etc.).<sup>62)</sup> Of course, this viewpoint is criticized by others. The critics claim this notion "can give birth to an overestimate of the concept of personal property, while underestimating public forms of consumption."<sup>63)</sup> And some others seem to take "a-middle-of-the-road" view; for instance, one of these theorists contends that "personal property is similar to socialist property, although the former is neither equivalent to nor identical with the latter."<sup>64)</sup> In any case, there seems to exist at least a minimal agreement that both personal property and socialist property

60) Гак, Г., "Коммунизм и личная собственность," *Коммунист*, 1961, № 1, стр. 70. "Modern bourgeois private property is," according to Marx and Engels, the "most complete expression of ... the exploitation of the many by the few." Karl Marx and Friedrich Engels, *The Communist Manifesto*, New York: Appleton-Century Crofts, Inc., p. 24.

61) Tsunts, M., Furman, I., Ezekskaja, S., *Personal Property in the Soviet Union*. Moscow: Foreign Languages Publishing House, 1960, p. 11. I was unable to obtain a copy of the original Russian text.

62) Маслов, В. Ф., *Осуществление и защита права личной собственности в СССР*. Москва: Госюриздат, 1961, стр. 17-18.

63) Там же, стр. 18. Maslov further argues "personal property cannot be recognized as socialist property, because it is *individual*, whereas socialist property is *public*."

64) Еремеев, Д. Ф., *Право личной собственности в СССР*. Москва: Госюриздат, 1958, стр. 21; Орловский, П., "Право личной собственности граждан," С.Г.П., 1938, № 6, стр. 72.

are not antagonistic, but, rather, exist "in harmony."<sup>65)</sup>

In this connection, Soviet political leaders claim that personal property for consumption can be permitted to exist in the political framework of the Soviet system of government, since it cannot provide the base for political power strong enough to unseat communist leaders.<sup>66)</sup> *The Communist Manifesto* (1848) by Marx and Engels is the classical example of a theory which closely associates the possession of property with political power. Men are divided, according to this theory, into two classes, property-owners and propertyless workers; the bourgeoisie, who own the most productive property, are also able to hold political power, which they, in turn, use to secure further augmentation of the existing property order. The proletarians, on the other hand, "have nothing of their own to secure and to fortify,"<sup>67)</sup> since they are "without property."<sup>68)</sup> Therefore, the proletarians cannot become masters of the productive forces of society, except by "destroying all previous securities for individual property."<sup>69)</sup> Thus is the proletarian revolution, which aims at the violent abolition of existing property relations, justified. This aim has been almost completely realized in the Soviet Union. However, Soviet theoretists have noted that even Marx and Engels did not advocate the abolition of *all* property. In other words, what they desired to destroy was primarily bourgeois ownership of the means of production, but not necessarily personal ownership of articles for consumption. The section of *The Communist Manifesto* quoted most often in the context of the present Soviet rationalization of their personal property system reads as follows:

The distinguishing feature of communism is not the abolition of property generally, but the abolition of bourgeois property.... We by no means intend to abolish this personal appropriation of the products of labor, an appropriation that is made for the maintenance and reproduction of human life, and that leaves no surplus wherewith to command the labor of others.<sup>70)</sup>

### 3. *Items of Personal Property Permitted and Their Classification*

What items of personal property are permitted in the Soviet Union? Soviet law says that property designed to satisfy the material and cultural needs of citizens constitutes personal property. The Constitution of the U. S. S. R. and the new civil legislation give sample lists of objects which individuals may own as personal property. Article 10 of the Constitution of the U. S. S. R., for example, lists the following: income and savings derived from work, a dwelling-house and a supplementary husbandry, articles of personal use and convenience.<sup>71)</sup> Article 7 enumerates the

65) Еремеев, там же, стр. 21.

66) Hazard, *op. cit.*, pp. 289-290.

67) Marx, K. and Engels, F., *The Communist Manifesto*, p. 21.

68) *Ibid.*, p. 21.

69) *Ibid.*, p. 21.

70) *Ibid.*, pp. 24-25.

71) *Constitution (Fundamental Law) of the Union of Soviet Socialist Republics*, Moscow: Foreign Languages Publishing House, 1962, p. 15.

objects of personal property of a kolkhoz (collective-farm) household: income from the kolkhoz, a dwelling-house, livestock, poultry, and minor agricultural implements.<sup>72)</sup> The Constitution thus regulates the personal property of a kolkhoz household separately from that of an ordinary citizen, because of the specific nature and conditions of kolkhoz agricultural production. At any rate, generally speaking, we may say that personal property under the Soviet Constitution consists of money, articles for consumption, and, in rare cases, means of production. Neither simple enumeration nor classification according to the nature of the item seems, however, very helpful for a really good understanding of the nature of Soviet regulation of personal property, except to provide us with a rough idea. Neither of these approaches can provide any solution or answer, for example, to the question of why one and the same article can be used both as a means of consumption to satisfy individual needs, and also as a source of exploitation of others. For example, an automobile can be mere personal property, so long as its owner uses it for his and his family's convenience. But the same automobile would be classified as a means of production, if he "systematically" hires it out with the purpose of deriving profit from these transactions. Hence, the need for a more purpose-oriented classification of personal property becomes manifest.

In the light of this need, the two methods for classification of personal property proposed by V. F. Maslov in his *Realization and Protection of the Right of Personal Property* (1961) seem quite suggestive.<sup>73)</sup> First of all, Maslov divides personal property into two categories, from an economic point of view: articles for consumption and minor instruments of work. The former, according to the new civil legislation, is further divided into two parts: (1) the items of personal property allowed to the ordinary citizen (Fundamental Principles of Civil Legislation in the USSR and the Union Republics—hereafter cited as Principles—, Art. 25, I, II, and III; Civil Code of the RSFSR, Art. 105, II);<sup>74)</sup> and (2) the items of personal property allowed to *a member* of a kolkhoz household (Principles, Art. 25, IV; Civil Code of the RSFSR, Art. 113, I). This second type should not be confused with the articles of personal property of a kolkhoz household *as a whole*. These are owned jointly by all members of a household. Personal property of *a member* of a household includes such items as personal income and savings derived from work; and property which is acquired by him with his personal funds or obtained through inheritance of gift and which is not transferred to the household. The things which may belong only to a house-

72) *Ibid.*, p. 14.

73) Маслов, В. Ф., там же, стр. 27-31.

74) "The Principles of Civil Legislation of the Soviet Union and Union Republics," translated by A. R. Kiralfy in *Law in Eastern Europe*, Vol. 7, pp. 272-273; or *Soviet Civil Legislation and Procedure*. Moscow: Foreign Languages Publishing House, pp. 69-70; *Civil Code of the Russian Soviet Federated Socialist Republic*, translated by Gray Whitmore and Raymond Stults. Ann Arbor: The University of Michigan Law School, 1965, p. 28. Hereafter, the page numbers of the respective articles will not be cited. The references in the text of this dissertation can be easily traced by consulting the above-mentioned translations.

hold, (for instance, a dwelling house, livestock, etc.) cannot, however, be held as personal property by an individual *member* (Civil Code of the RSFSR, Art. 113, II).

The second category of personal property, classified by Maslov from the economic point of view, is minor instruments of work. A kolkhoz household *as a whole* (not its single constituent members) or inhabitants in city peripheries are allowed to own some of the means of production, such as productive livestock, poultry, and minor agricultural implements, to enable them to farm the private garden plot allotted them (Principles, Art. 27, II; Civil Code of the RSFSR; Art. 126, II).

The above classification of personal property, based on its economic function, does not, however, according to Maslov, play a very important role in a legal analysis of the rights of personal property,<sup>75)</sup> as long as such division remains just economic. Thus, he suggests another classification based on different legal relationships, that is, he separates (1) objects of personal property, whose quantity of acquisition is legally limited, from (2) objects of personal property, whose quantity of acquisition is not legally limited.<sup>76)</sup> Most items (such as income and savings derived from work, household articles and articles of personal use and convenience) belong to the second group. Since the law sets no limits on the amount of income, especially savings, the better and more a Soviet citizen works, the more he can receive, spend, and save. On the other hand, however, there is a limit on the number or the size of certain articles of personal property, such as dwelling-houses, dachas (resort house on the outskirts of cities) and livestock. For example, a couple living together with their minor children may have only *one* dwelling-house, which is owned personally by one of them or jointly by both of them. If they happen to acquire another house, one of the two houses must be sold, or otherwise disposed of within one year. (Principles, Art. 25, II; Civil Code of the RSFSR, Art. 106, and 107.) Furthermore, the Civil Codes of the Union Republics lay down guidelines for the maximum size of dwelling-houses (for example, 60 square meters of living space in Art. 106 of the Civil Code of the RSFSR; 110 square meters of both living and non-living space in Art. 110 of the Civil Code of the Estonian SSR; 40 square meters of non-living space in Art. 110 of the Civil Code of the Lithuanian SSR).<sup>77)</sup> There used to be limits on both the number of stories and the number of rooms in personal housing under the 1948 housing law.<sup>78)</sup> The new civil legislation in the early 1960's, however, did not establish maximum limits for either, leaving this at the disposal of the executive committees of the local Soviets, when they approve construction projects for personal housing. Similarly, the maximum amount of livestock which a citizen may personally own is also established by the legislation of each Republic (Principles, Art. 25, III; Civil

75) Маслов, В. Ф., там же, стр. 28.

76) Там же, стр. 29.

77) См. Белолипецкий, В., "Право личной собственности на жилой дом," Социалистическая Законность (hereafter cited as С.З.), 1965, № 11, стр. 42. The following are excluded from the term living space: front room, kitchen, bathroom and corridor.

78) Kucherov, Samuel, "Property in the Soviet Union," *American Journal of Comparative Law*, Vol. 11, No. 3 (Summer, 1962), p. 385.

Code of the RSFSR, Art. 112).

4. *Reasons for the Quantitative Restrictions on Personal Property*

What reasons, then, are behind such quantitative restrictions on articles of personal property? Official Soviet explanations, being "Marxist-oriented," are, as might be expected, ideological. All these restrictive provisions are, it is claimed, designed to secure the consumptive character of personal property and to prevent its use for obtaining unearned income. And these restrictions do not, they add, "essentially hamper in any way the reasonable satisfaction of the owner and his family's needs."<sup>79)</sup> However, this ideological reason does not seem sufficient to explain the reason for the restrictive attitudes of the Soviet government toward the quantity and size of certain items of personal property. In other words, I believe that practical economic reasons, that is to say, insufficient productivity in certain fields of the Soviet economy, are mingled with this ideological reason.

This is particularly true of housing construction, as can be seen by the fluctuating policies of the Soviet government toward housing problems. In the wake of the Second World War, for example, Soviet leaders decided to cope with the terrible loss of housing, one of the worst deficiencies caused by the war, by encouraging private initiative in the construction of housing. This was embodied in a decree of August 26, 1948, "On the right of the citizen to purchase and build individual dwelling-houses."<sup>80)</sup> This decree did not set limits on the total amount of living space, although it did limit the number of stories—one or two stories—and rooms—not more than five rooms. Thanks to this decree, the private construction of housing was speeded up and the inadequate supply of government housing was greatly alleviated.

In less than six years, however, this measure came to resemble a Trojan horse,<sup>81)</sup> to use Professor John N. Hazard's term, since Soviet citizens started to get the impression that housing construction in the Soviet Union was left almost completely to private initiative. Consequently, the maximum size for a dwelling house was set at a total of 60 square meters. This was written into a decree of the Presidium of the Supreme Soviet of the U. S. S. R. (July 18, 1958),<sup>82)</sup> and continuously approved by new civil legislation in the early 1960's. But the new civil legislation, as already mentioned above, did not, at this time, prescribe either the number of stories or the number of rooms.<sup>83)</sup>

79) Халфина, Р. О., *Право личной собственности в СССР*. (translated by Yuri Sdobnikov, *Personal Property in the USSR*. Moscow: Progress Publishers, 1966, p. 49). I was unable to obtain a copy of the original Russian text.

80) *Ведомости Верховного Совета СССР*. 1948, № 36.

81) Hazard, John N., "L'embourgeoisement du Droit de Propriété Soviétique," *Annuaire de L'U.R.S.S.* (Centre National de la Recherche Scientifique), 1965, p. 164.

82) *Ведомости Верховного Совета СССР*. 1958, № 16, 284.

83) A joint decision of the Central Committee and the Council of Ministers of the U. S. S. R. (July 31, 1957), "On the development of housing construction in the U. S. S. R.," recommended a measure designed to encourage the construction of multi-room dwelling houses. См. Федотовская, З. А., *Право личной собственности на жилой дом*. Москва: Госюриздат, 1963, стр. 9.

### 5. *Housing: A Most Important Item of Personal Property*

I would now like to examine some of the problems of the Soviet housing situation. After all, housing constitutes the most important article of personal property a Soviet citizen may own.

It is almost too well known that housing has continued as a major cause of both interest and worry for the Soviet citizen. The following are examples of some typical complaints of Soviet citizens about the housing shortage, complaints which can be found in the letters-to-the-editor section of almost any newspaper or magazine:

Our family consists of four persons: father, mother and we two brothers. We lived all four in one room. My brother and I married and got children, but we live still in the same room.<sup>84)</sup>

Or

I have two rooms, in which I live with my mother and sister. Now I want to get married. But there isn't a chance in hell of getting a flat in less than two or three years. And neither I nor my future wife wants to live together with my mother and sister—carry on, as it were, under their noses.<sup>85)</sup>

Why does the housing shortage remain unsolved despite the well-advertised Soviet construction program? One Soviet pamphlet in English boasts: "Construction sites with cranes towering above them have become an integral part of the landscape in the Soviet Union";<sup>86)</sup> and a Western visitor to the Soviet Union, according to the same source, "cannot remember a place where he could turn without seeing a crane."<sup>87)</sup>

As to the main reasons for the acute Soviet shortage of housing, usually the following three are mentioned by both Soviet and Western students of the problem. First, Russia has suffered from a housing shortage for the past two centuries. Housing is quite a problem for the present Soviet Union, but the Soviet government inherited this problem from Tzarist Russia, with its gross deficiencies and unhealthy conditions; the problem was further aggravated by the catastrophe of World War I, the Civil War and Intervention, and finally by World War II. Second, the Soviet government, occupied with the "more urgent" tasks of production in heavy industry and weaponry, has until very recently been incapable of providing the Soviet citizenry with sufficient housing accommodations, despite its frequently quite large promises. Third, the recent tendency toward urbanization in the U.S.S.R., which is "in tempo and scale, without parallel in history,"<sup>88)</sup> has increasingly accelerated the shortage. Since the beginning of Soviet power, according to Soviet statistics, sixty million people have

84) Quoted in Kucherov, *op. cit.*, p. 386.

85) A story told by a taxi-driver to Alexander Werth, the BBC correspondent: quoted in Alexander Werth, *Russia under Khrushchev*. New York: Hill and Wang, 1962, p. 168.

86) Zhukov, K., *Housing in the Soviet Union*. Moscow: Foreign Languages Publishing House, p. 30.

87) *Ibid.*, p. 45.

88) Deutscher, *op. cit.*, p. 43.

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moved from villages to cities.<sup>89)</sup> Taking the Soviet sources at face value, the following is what has happened in nearly 40 years:<sup>90)</sup>

*Population*  
(in million)

	City	Village	Total
1913	28.5	130.7	159.2
1962	111.8	107.9	219.7
	+83.3	-22.8	+60.5

The reasons cited above also help to explain why housing can constitute the most effective material incentive which can be offered a Soviet citizen. It is often reported that today's Soviet citizen is more interested in the construction of housing than in the increase of the Soviet G. N. P., the change of leadership in the Kremlin or the launching of space vehicles. No one knows this fact better than Soviet political leaders.

"Housing construction is a matter of prime importance!" This is a slogan which became only too familiar, appearing in all the major newspapers of the Soviet Union.<sup>91)</sup> "Amid all the tasks involved in increasing the material welfare of the people," Khrushchev repeated again and again, "an effort to increase the construction of housing now occupies the most important place."<sup>92)</sup> Although Soviet leaders promised, in a draft of the C. P. S. U. Program, that every Soviet family would have a dwelling with all appropriate comforts by 1980, in the final version of the Program they were forced to add a new section on housing problems and even to enlarge upon the promise: "In the first decade, the national shortage of housing will be eliminated. Families which still live in crowded and inadequate dwellings will receive new apartments."<sup>93)</sup>

Nevertheless, the housing problem has not been successfully solved yet. The Seven-Year Plan had called for building a total of 656,000,000 square meters of urban residence during 1959-65. But the total volume built during that period was 557,000,000 square meters. The new Five-Year Plan calls for building a total of 400,000,000 square meters of urban residences during 1966-1970, the annual average of which is approximately equal to the annual average actually completed under the

89) Маслов, П. П., *Доход советской семьи*. Москва: Издательство "Статистика," 1965, стр. 41.

90) Там же, стр. 41.

91) Editorial in *Правда*, 8 октября, 1958.

92) Quoted in Годес, А. Б., "Некоторые вопросы правового регулирования жилищного строительства в СССР," С. Г. П., 1958, № 3, стр. 67.

93) Cf. Wolfgang Leonhard, "Adoption of the New Party Programme," *The U. S. S. R. and the Future: An Analysis of the New Programme of the C. P. S. U.*, Leonard Shapiro, ed., New York and London: Fredrick A. Praeger, 1963, pp. 12-20; Triska, *op. cit.*, pp. 92-93.

Seven-Year Plan. It may be said of this modest goal that the new Brezhnev-Kosygin government is more cautious than its predecessors. By the same token, however, it can also be said that the current government does not intend to make any revolutionary improvement in the housing situation either. The annual record of both goal and achievement in housing development since 1958 gives a clear picture of slackening in this section of the Soviet economy:<sup>94)</sup>

Year	Goal	Housing Development Completed (million square meters)
1958	90	71.2
1959	90	80.7
1960	90	82.8
1961	90	80.2
1962	90	80.5
1963	90	79.3
1964	90	75.1
1965	82.0	78.0
1966	90.0	82.0
1967	93.4	—

In conclusion, on the 50th anniversary of the Bolshevik Revolution, “housing still remains in desperately short supply,”<sup>95)</sup> in a country claiming to be a paradise on earth for working people. Mr. Erich Heineman of *The New York Times* reported on October 10, 1967:

Housing remains in desperately short supply. Several years wait is required for separate accommodations in most parts of the country, and even then the allotment for a family of four is a two-room apartment (plus kitchen and bath).<sup>96)</sup>

#### 6. *Some Developments Unfavorable to the Cause of Personal Property under Khrushchev*

“Commune: all that is mine is yours, except a toothbrush”—this is the famous aphorism of a Soviet revolutionary poet, V. V. Maiakovskii. It is all too clear from what I have already written that this is not the case in the Soviet Union today. Namely, more items than a toothbrush are left in the hands of private citizens, based on property rights protected by the Soviet Constitution and the civil legislation. What about the future then? Can we presume that the present protection of personal property rights on certain items will remain in existence for the foreseeable

94) Cf. Schwartz, *op. cit.*, p. 129; Harako, Rinjiro, “No solution for Soviet Agriculture,” in *Sekai Shuho* (*World Weekly*), Vol. 47, No. 10 (March 8, 1966), pp. 16-19.

95) *New York Times*, October 10, 1967.

96) *Ibid.*

future? Or is it more correct to assume that such protection will gradually disappear in the near future? If the latter is true, when and how will it take place? All these questions concern the prospects for personal property in the Soviet Union.

To answer the above questions, Soviet theorists very frequently referred back to the Khrushchev speech at the 22nd Congress in 1961,<sup>97)</sup> in which he, intentionally or unintentionally, defined the guidelines for his government's attitudes toward personal property. A portion of the speech reads as follows:

The idea that abundance implies the unrestricted growth of personal property is an idea that is alien to us, to Communism. The working man's personal ownership of a large number of things, as a form of personal consumption, is not at variance with the principles of Communist construction as long as it keeps within reasonable bounds and does not become an end in itself. But 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. The individual then falls prey to things and becomes a slave to them.<sup>98)</sup>

Based on this formula of Khrushchev, that the growth of personal property must be kept "within reasonable bounds," lest it become an end in itself, Soviet jurists seem to foresee the prospects for the future of personal property in the light of the nature of the item involved. On the one hand, they presume that private ownership of some personal property items such as clothing, linen, shoes, furniture, crockery, and other articles of daily use, will not only be preserved but will even increase in the future. First, certain consumption needs can be satisfied only individually, through personal property, and not communally, through the public consumption funds. Second, some articles of consumption, by their very nature, lend themselves to close emotional involvement with the personality of their owner (for example, books, musical instruments, sporting equipment, etc.).<sup>99)</sup> Thus these items will remain personal property even in the future, during the highest stage of communism. And if Maiakovskii's toothbrush can be interpreted as symbolic of those items which, once used by a particular individual, cannot be the object of another's use,<sup>100)</sup> the formula laid down in his aphorism would not be very far from what present Soviet theorists expect to see in the future days of full communism.

On the other hand, however, Soviet theorists contended that the growth of some "outdated elements" of personal property must be gradually restricted. They usually included among these "outdated elements" of personal property the following: the

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97) For example, "Социалистическая собственность—основа строительства коммунизма," *Коммунист*, 1963, № 9, стр. 40; Алексеев, С. С., *Гражданское право в период развернутого строительства коммунизма*. Москва: Госюриздат, 1962, стр. 193-194.

98) *Правда*, 18 октября, 1961.

99) For example, Алексеев, там же, стр. 193.

100) Гак, там же, стр. 69.

individual private house, the private dacha, the automobile, the private garden plot, privately owned livestock and savings in the bank. The reasons for restrictive policies toward the growth of these kinds of personal property stems from the fact that these items are very likely to be used, in the words of Ts. Stepanian, one of the leading Soviet experts on the future of Communist society, as a "source of speculation and all kinds of abuses and all excesses that create the soil for transforming personal property into private property with its exploiting tendencies."<sup>101)</sup>

This official "Marxist-oriented" ideological rationale does not, however, necessarily exhaust the whole ground for the Soviet government's interest in the gradual curtailment of these "outdated elements" of personal property in the future. It seems to me that there is another reason, behind this restrictive policy, namely, an economic reason. Let me take the construction of individual private housing as an example. Khrushchev took steps to discourage this kind of construction in the big cities. Why? An article in the September, 1960 issue of *Kommunist*, provides the basis for an answer to this. After admitting that individual construction of housing in cities and workers' towns was, "at a certain stage," an important supplement to government housing construction, the article continues as follows :

However, today, when the economic resources of the government have grown and large-scale government construction has been developed, it would be without purpose to encourage or force individual construction in cities and workers' towns.... In order to equip such housing with central heating, waterpipes, and sewer systems, great expense is required. Huge public housing projects are more economical.<sup>102)</sup>

Taking exactly the same economic approach to this problem, R. O. Khalfina, one of the most authoritative Soviet experts in the field of personal property, suggests in her book, *Personal Property Law* (1964), that there should be a "gradual transition from the construction of private housing in cities and workers' towns, to the construction of comfortable, co-operative, multi-room, housing."<sup>103)</sup>

In fact, whether based on an ideological or an economic rationale, or even on both, the policy of encouraging private housing construction through loans and through the provision of a generous supply of construction materials (a policy started by Khrushchev in the wake of the purge of the "anti-party" group in July, 1957)<sup>104)</sup> was changed drastically in 1962. In a decree of August 7, 1962, issued jointly by the Central Committee of the C.P.S.U. and the Soviet government, entitled "On Individual and Co-operative Housing Construction," the provision of loans and building materials for the private construction of dwelling-houses in the cities and workers'

101) Степанян, Ц., "Коммунизм и собственность," Октябрь, 1960, № 9, стр. 9.

102) Коммунист, 1960, № 14, стр. 19.

103) Халфина, Р. О., Право личной собственности. Москва: Издательство "Наука", 1964, стр. 79.

104) См. Правда, 2 августа, 1957.

towns was halted.<sup>105)</sup> The construction materials which used to go for these purposes, the decree stated, would be used to accelerate state and co-operative housing construction, as well as construction of public rest houses. Similarly, a decision of the Council of Ministers of the U. S. S. R. of December 30, 1960, prohibited the allocation of plots for the construction of personal dachas.

However, these decrees were not welcomed by certain segments of the Soviet population, since they tended to emphasize even further the already existing social differentiation of Soviet society. Limiting the growth of new private housing, dachas and so forth, tends to benefit those who already have personal property, while forever depriving the remaining population of a chance to gain it. It can hardly be denied, therefore, that these decrees contain a definite divisive element which could split the Soviet population: for instance, with regard to housing, private-housing owners and the remaining residents of state and co-operative apartments.

To speak about the prospects for personal property leads inevitably to—and consequently provides the best starting point for—a discussion of the public consumption funds, which, as I have already indicated, are considered the form of consumption that will gradually replace personal property in the future.

## **B. The Public Consumption Funds**

The question of the role and significance of the public consumption funds, as one of the two methods for satisfying the consumption needs of Soviet citizens, does not seem to have been sufficiently studied either in the Soviet Union or in the West. Unfortunately, “Forward to Communism?” by Rush V. Greenslade, in *Problems of Communism* (January–February, 1962)<sup>106)</sup> and one chapter, entitled “The Quality of Life: Communal Services,” in *The Future of Russia*, written by Harry Braverman in 1963,<sup>107)</sup> are, to my knowledge, the only two papers dealing with this subject in the English language. On the other hand, things seem to be not very different in the Soviet Union itself. B. Rakitskii, a Soviet expert in economics, for instance, wrote as follows in *Pravda* (November 30, 1966):

As we see, the public consumption funds have always been quite a conspicuous economic phenomenon in the life of our society. Nevertheless, this fact has not had the proper theoretical generalization. References to public funds have usually stayed on the level of the observation that they are evidence of the state’s concern for people’s welfare, that they are given free of charge, etc. All of this is correct, but it still offers no scientific key to perfecting the practice of distributing them.<sup>108)</sup>

105) Правда, 7 августа, 1962, стр. 1.

106) Greenslade, Rush V., “Forward to Communism?”, *Problems of Communism*, No. 1, (January–February, 1962).

107) Braverman, Harry, *The Future of Russia*. New York: Grosset & Dunlap, 1963; Paperback edition, 1966, pp. 85–100.

108) Правда, 30 ноября, 1966, стр. 3–4.

In light of this, it seems likely that neither Soviet political leaders nor Soviet theoreticians have given any serious thought as yet to the actual possibility of proceeding to this method of consumption in the foreseeable future. Nevertheless, I still cannot but hope with Mr. Rakitskii that "further scientific elaboration" of this subject will be promptly undertaken.

#### 1. *Definition and Classification of the Public Consumption Funds*

The public consumption funds (общественные фонды потребления) constitute Soviet method for satisfying individual material and cultural needs. Whereas personal property is a personal, individual, form of consumption, the public funds are in principle, joint, communal, public forms of satisfaction. Whereas personal property is based on remuneration for work performed, services are dispensed through the public funds without regard to the quantity and quality of work, that is to say, according to need. These services are either provided free or at a substantially reduced rate.

The structure of the public consumption funds has varied in different periods "depending upon the aims and tasks challenging the state."<sup>109</sup> The above description of the characteristics of the funds in contrast to those of personal property, suggests that at least three ways of classifying them are possible.<sup>110</sup> These three methods coincide with those adopted by M. B. Markovich in *Statistical Indices for the Public Consumption Funds* (1964), one of the rare pieces of literature devoted entirely to this subject.

The first classification is simply concerned with the question of who benefits from these funds, whether such benefits be in the monetary form or in the form of services and privileges provided either free or at reduced rates. It goes as follows:

1. Monetary payments :
  - (a) pensions ;
  - (b) stipends ;
  - (c) remuneration for regular holidays ;
  - (d) payment during absence from work, due to pregnancy and child-birth ;
  - (e) grants to the temporarily disabled ; and grants to mothers of one or more children ; and so forth.<sup>111</sup>
2. Services and privileges, either free or at partial rates :
  - (a) children's institutions (infant-care centers, kindergartens, nurseries) ;
  - (b) education (regular schools, boarding schools, etc.) ;

109) Маркович, М. Б., Статистические показатели общественных фондов потребления. Москва: Издательство "Статистика," 1964, стр. 30.

110) It might also be possible to classify the public consumption funds into the following two categories: (1) services available to anyone who needs them (e. g., an elementary school education); and (2) services available only to those who qualify by reason of political loyalty (e. g., pioneer camps) or greatest economic need (e. g., sanatoria).

111) Маркович, там же, стр. 9-10.

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- ( c ) preparation of cadres (universities, technical schools, various kinds of vocational education, etc.);
- ( d ) organized rest (rest homes, tourist buses, homes for pensioners, sports organizations, etc.);
- ( e ) health services (semi-clinical assistance, hospitalization, sanatorium treatment, etc.);
- ( f ) services for residential communities;
- ( g ) cultural-educational services.<sup>112)</sup>

It is also possible to divide the public consumption funds into two quite different categories, according to the type of need satisfied: collective or individual. Instead of trying to explain further this second classification, I will simply present the following list, taken in toto from a table in Markovich's book, which, I believe, should provide a more useful picture of this mode of classification:

*Classification of Public Funds According to Type of Need Satisfied:*  
(1961)

Index of Public Consumption Funds	Per Cent
1. Collective needs	
nurseries	1.24
kindergartens	2.19
infant-care centers	0.18
boarding schools	1.15
schools providing general education	9.19
Schools for workers and rural youth	0.58
polyclinics and hospitals	9.62
sanatoria	0.82
rest-homes, tourist centers, homes for pensioners, other rest institutions	0.30
physical culture and sports	0.21
pioneer camps	0.18
homes for the aged and disabled	0.30
other institutions and organizations providing health services	3.23
middle professional schools	1.61
universities	3.55
professional technical schools (of all kinds)	1.85
other institutions and arrangements for the preparation of cadres	0.79
daily services	7.43
maintenances of cultural-educational institutions	1.00
public funds for joint use, received by kolkhoz-farmers	6.08

112) Там же, стр. 10.

Index of Public Consumption Funds	Per Cent
2. Individual Needs	
grants for temporary invalidity	5.00
grants for pregnancy and birth	2.55
grants for new-born children	0.65
grants to mothers of many children and unmarried mothers	2.01
one-time-only premiums not included in wage funds	2.37
pensions for workers	19.66
services for residential communities	4.52
payments for regular holidays	1.71
stipends	2.00
public funds for individual needs, received by kolkhoz farmers	7.98

Source: Маркович, М. Б., *Статистические показатели общественных фондов потребления*. Москва: Издательство "Статистика," 1964, стр. 17-18.

It can be seen from this table that the public funds are divided as follows: 51.6% for collective needs and 48.4% for individual needs.

However, this second method of classification of the public consumption funds seems to raise one serious question: How do certain items in the second category (such as pensions, grants, and stipends) differ from regular wage and salary payments? Both are, after all, paid to citizens in monetary form. It may be argued with Maier that in exchange for pensions, grants, etc., the recipients "do not give anything to society,"<sup>113)</sup> whereas one's wage may be considered remuneration for a contribution to society, in the form of work. But it is possible to counter this argument by saying, as does Khalfina,<sup>114)</sup> that a pension or grant, for instance, may be regarded as a reward to the aged or the disabled or students for what they have already done or what they are going to do for society. Furthermore, the pension, for instance, is given to aged and disabled citizens, not necessarily according to their need, but rather according to the amount of their earlier wages and their length of service. Therefore, it is quite hard to draw a definitive line between these uses of the public funds and wages or salaries.

On the other hand, however, it cannot be denied that old age and disability pensions, scholarships and state grants to mothers of large families and unmarried mothers are provided by society to their respective recipients, not on the basis of their status as workers, but as members of society. In this sense, they are still different from wages, salaries, bonuses, and other kinds of incentives held out to working people. At any rate, it may be agreed that it is quite difficult to integrate the various kinds of services and privileges provided by society into that single

113) Майер, там же, стр. 28.

114) Khalfina, R., *Personal Property in the USSR*. p. 8.

category called the public consumption funds. As a matter of fact, Mr. Markovich himself has stated, although in a slightly different context: "up to the present time there is not yet any unified method for studying the public consumption funds".<sup>115)</sup> The truth of this statement will become even more obvious as I discuss a third classification below.

It is also possible, as Markovich himself demonstrated, to divide the public consumption funds as follows: (1) those funds from which payment is dispensed, more or less, in relation to the amount of remuneration formerly received for work; (2) those funds from which payment is received independently of the amount of wages received for work. The first group includes old age and disability pensions, temporary disability grants, payment during regular holidays, one-time-only premiums and so forth. The second includes educational expenses, preparation of specialists, health services, physical culture, children's expenses and so on.

In the first group, the amount received, for the most part, is calculated according to the quantity and quality of one's work. The aged whose work during their active years was most satisfactory, for instance, are guaranteed better rates in their old age pensions than their less productive brethren. Needless to say, distribution according to work is a principle whose purpose is to get people interested, for material reasons, in the results of their own work. Thus it becomes quite apparent that this principle, applied originally to wages, salaries, and other remuneration, is applicable also to one category of the public consumption funds. V. I. Smoliarchuk, for instance, states this clearly in an examination of the pensions provided for collective farmers (first introduced in 1964):

The calculation of pensions for collective farmers incorporates the Leninist principle of material interest in the results of one's work. The following idea is consequently introduced into the calculations: there cannot be equality in the pension guarantees to collective farmers; those who work well and make a large contribution to social production should be guaranteed more.<sup>117)</sup>

The nature of this first category raises serious doubts about the propriety of considering it a legitimate part of the public consumption funds. If the benefits dispensed by these funds are distributed according to the quantity and quality of one's work, how, then, do they differ from the regular wages and salaries which are calculated according to the same principle?

At the very outset of this dissertation (see Introduction pp. 50-51), I attempted to contrast the two methods of distributing the means of consumption: namely, (1) communal distribution through the public consumption funds, whose principle is need; (2) individual distribution through wages and salaries, whose principle is work. This

115) *Ibid.*, p. 9.

116) *Ibid.*, p. 11.

117) Смолярчук, В. И., "Новый шаг по пути дальнейшего повышения благосостояния народа," С. Г. П., 1964, № 9, стр. 40.

two-way division is not arbitrary. Rather, it is based on the work of various Soviet theoreticians. B. Rakitskii, for example, put it this way:

The economic functions of the public consumption funds differ from the function of distribution according to work. These functions are *mutually contradictory*... Each fulfills its own special function which is the *dialectically contradictory* nature of socialism. (italics supplied by H. K.)<sup>118)</sup>

So long as we maintain this distinction between the public funds and wages, Markovich's third mode of classification encounters a serious dilemma, for it attempts to divide the public consumption funds alone according to the same principle which may be used to distinguish the two methods of distributing the means of consumption, one of which is distribution through the public consumption funds. This contradiction may be avoided by simply incorporating the first group of public funds (distribution according to work) into the second method of distributing the means of consumption (individual distribution through wages and salaries). Khalfina, as indicated above, seems to choose this solution.<sup>119)</sup> Another way to solve this dilemma is to define an intermediate form of distribution between the public funds and wages; but no Soviet theoretician, to my knowledge, has ever attempted this.

## 2. *Function and Significance of the Public Consumption Funds*

Not only has a unified method for studying the public consumption funds not been devised, but "the significance of the funds themselves has not received enough sustained evaluation and attention in the Soviet Union."<sup>120)</sup> It is quite well known that Stalin expressed the opinion, in his last work, *Economic Problems of Socialism in the U.S.S.R.* (1952), that "to pave the way for the transition to communism," it is necessary "to double the real wage of workers and employees" and this should be done "both by means of direct increases in wages and salaries" and "by further systematic reductions in the prices of consumer goods."<sup>121)</sup>

This thesis drew very severe reproach from Stalin's successors, on the grounds that the late dictator made the serious mistake of looking upon wages as the only form of distribution, neglecting completely another important form, that is the public consumption funds. At the 22nd C.P.S.U. Congress in 1961, which, as part of a second de-Stalinization drive, attacked the "anti-party" group, Anastas I. Mikoian, next to Khrushchev himself the most authoritative figure, criticized the Stalinist approach (and especially that of Molotov):

This idea gave us the wrong orientation for future policy in the sphere of distribution; it would have prodded us into making wages the sole form of

118) Правда, 30 ноября, 1966, стр. 3-4.

119) Khalfina, R., *Personal Property in the USSR*. pp. 7-8.

120) *Ibid.*, p. 10.

121) Stalin, *Сочинения*. Stanford, California: The Hoover Institution of War, Revolution, and Peace, Vol. XVI, 1946-1953, p. 232.

distribution. They held that everything should be paid for, and proposed—this was Molotov's demand—that apartment rents be raised, that work clothes now issued free be paid for, that the charge for transport and public utilities be raised and that the students' stipend fund be reduced and tuition fees introduced. In short, they were prodding us into reducing the public consumption funds, and they denied that these funds played a growing role in the transition to communism.<sup>122)</sup>

It goes without saying that Khrushchev himself also stressed the significance of the public funds, in his report to the Central Committee of the C. P. S. U., at the same Congress :

Ought we to pursue the task of further improving the material living standards of the working people solely through direct wage raises and price reductions? To be sure, the wage will for a long time continue to be the principal form of material incentive for workers, and will depend on their labor contribution to social production. But at the same time the Soviet people are deriving an ever greater portion of their material and cultural benefits from public funds.<sup>123)</sup>

Without further comment or explanation, these quotations seem quite sufficient to give a clear picture of the significance of the public consumption funds in the post-Stalin period. The question which immediately comes to mind is how this emphasis on the public funds fits in with another pet Khrushchevian concept, the emphasis upon the principle of material interestedness. The pragmatist, Mikoian, seems not to have been bothered very much by this kind of theoretical inconsistency. Namely, at the 22nd Congress, immediately after the above quoted passage, he simply dismissed this question by saying that the public consumption funds "do not conflict with the principle of material incentive."<sup>124)</sup> If, however, the economic functions of the public funds are dialectically opposed to the function of distribution according to labor, as stated by Rakitskii, then how can the post-Stalin leadership, in practice, possibly emphasize both simultaneously?

Before coping with this delicate question, I will discuss the functions of the public funds, which I believe will also provide information helpful for arriving at an answer to this question. If I may quote again from Mikoian's speech to the 22nd Congress, he declared that the public consumption funds "will *facilitate* solution of a number of major problems in the building of communism" (italics supplied by H. K.).<sup>125)</sup> In discussing the functions of the funds, I will attempt to answer the questions of why and how they *facilitate* solution of these problems.

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122) Правда, 22 октября, 1961.

123) Правда, 18 октября, 1961.

124) Правда, 22 октября, 1961.

125) Там же.

The following three seem to be the major functions of the public consumption funds :

(1) *The egalitarian functions :*

Soviet politicians and theorists have stressed the fact that their policy of increasing the public consumption funds is intended “not only to facilitate the improvement of, but also to *level* the standard of living” of the Soviet people (italics supplied by H. K.).<sup>126)</sup> As I already explained above, wages and other forms of income are paid according to the quantity and quality of work performed. This form of distribution contains in itself the seed of inequality, for it is quite possible, in practice, for one worker to be more talented than another. Besides, the chances are that this inequality will be accelerated further for other reasons. In a wage system, individuals are, as was pointed out by Marx in his *Critique of the Gotha Programme*, “regarded *only as workers*” (italics in the original text), and “everything else is ignored.”<sup>127)</sup> In reality, family situations, for example, vary from one worker to another ;<sup>128)</sup> “one worker is married, another not ; one has more children than another and so on and so forth.”<sup>129)</sup>

The diminution of this inequality, the Soviets claim, is facilitated “to a certain extent”<sup>130)</sup> by the public consumption funds, since they are distributed to the Soviet citizen, more or less independently of wage scales. Some Soviet sources report that the additional income from the funds accounts for more than one-half of the wages of some low-paid workers, whereas, on the other hand, it does not constitute even 10 per cent of the income of highly-paid workers.<sup>131)</sup> By virtue of the funds, various Soviet studies conclude that combined income per capita shows remarkably less differentiation than according to wage income alone.<sup>132)</sup>

(2) *The economy function :*

Second, the Soviets claim that in most cases the public consumption funds are incomparably more economical in time, effort, and expense, than the individual form of consumption through personal property. For instance, they claim that more varied, scientific, and nutritious meals, with better service, become more easily possible in huge public dining rooms. The Soviet change of policy in housing construction from private housing to well-built multi-apartment co-operative buildings, which was already mentioned, was also based on this economic reasoning. Here I cite the case of private dachas, which the Soviets have decided must be phased out in the fore-

126) Маслов, П. П., там же, стр. 31.

127) Marx • Engels, *op. cit.*, S. 21.

128) Фигурнов, там же, стр. 178.

129) Marx • Engels, *op. cit.*, S. 21.

130) Обломская, И., Материальная заинтересованность : экономическая категория социализма. Москва : Издательство Социально-экономической литературы “Мысль,” 1964, стр. 81.

131) Маслов, П. П., там же, стр. 31.

132) See, for example, *Ibid.*, p. 31.

seeable future for reasons of economy :

Today many dacha owners have to bother about housekeeping chores. A great deal of time and effort goes into individual construction of dachas, frequently with violations of elementary ethical norms in the "acquiring" of building materials. And how much valuable time is spent purchasing products and preparing meals!... The situation is radically different in the model public boarding houses of rest, organized in full accord with the interest of the individual-collectivist, who is free of housekeeping chores and has sufficient time to develop his mental and physical capacities and to satisfy his reasonable and ever growing material and spiritual requirements.<sup>133)</sup>

(3) *The educational function :*

Third, Soviet politicians and theorists stress the fact that joint communal satisfaction of needs through the public consumption funds educates the Soviet people in the spirit of collectivism and develops their Communist consciousness. It was Lenin who, in his pamphlet "A Great Beginning" (1919), called public catering establishments, nurseries and kindergartens, "the *shoots* of communism" (italics in the original text).<sup>134)</sup> More than 45 years after this statement, P. P. Maslov expanded this idea, when he described the educational function which the public consumption funds are supposed to play in the building of Communism. Although it is quite long, the following passage from Maslov's *Income of a Soviet Family* (1965) is worth quoting, since it presents such a lucid picture of the subject :

The purpose of our society is not only expansion of the material base, but also education of a new generation, with a worldview and psyche different from that of the capitalist world. Here the public consumption funds are quite relevant. In the election meeting, for example, this question was raised: "the government spends so much money for children's institutions. Would it not be simpler to distribute this money to mothers? How is it possible not to trust us to imagine that we waste this money on purposes not in accord with our mission?" It is easy to answer such questions: "No, the point is missed. In children's institutions we provide not only food and shelter, but we also educate children in the spirit of collectivism and inculcate in them, from youth, cultural norms which cannot always be taught at home." Public consumption funds thus have meaning for the increase not only of the material, but also of the cultural standard of living.<sup>135)</sup>

Khrushchev's educational reform of 1958-1959, especially the extensive program for boarding schools, should also be evaluated in the light of the educational function of the public funds. In response to widespread objections from parents and teachers,

133) Степанян, там же, стр. 10.

134) Ленин, Сочинения (издание пятое), том XXXIV, стр. 24.

135) Маслов, П. П., там же, стр. 37.

major adjustments in this program were made even before Khrushchev's downfall, and a drastic overhaul has been put into effect since October, 1964. Nevertheless, the original intention and purpose of the program can be described in exactly the same terms as above. A. M. Skrobov, Deputy Chief of the General Administration of Schools in the RSFSR, in an interview with Alexander Werth, the B. B. C. correspondent, is reported to have explained the objectives of the boarding schools as consistent with the high road to Communism :

Under this system, children remain for a very long time under the supervision of their teachers. Spending their time constantly in the collective is very good for the children, and produces better results than the day schools of our mass education. . . . We have called the boarding schools the high road to Communism and that is why we hope that, ultimately, all children will be brought up in boarding schools.<sup>136)</sup>

### 3. *Remarks and Criticisms*

Next, I would like to present some remarks on the three major functions of the public funds, most of which are critical, made by experts in the Western world. In addition to criticism of each particular function, it is possible to criticize the Soviet public consumption funds program *as a whole*, asserting, for instance, that most services and privileges provided by this program have already existed in capitalist countries for so long a time that there is nothing particularly surprising, new or revolutionary about this device. Of course, the Soviets deny this: Khrushchev, for example, boasted in his report at the 22nd C. P. S. U. Congress: "in this sphere (free education, free medical services, etc.—H. K.) we have long since left the capitalist countries behind."<sup>137)</sup> Or it might also be possible to dismiss the Soviet efforts in this field by saying that "whether the consumer pays directly for services or indirectly through taxes is mainly a bookkeeping problem"<sup>138)</sup> or that "nothing produced by human effort is free; it is all a matter of shifting costs."<sup>139)</sup>

However, these broader problems will not be discussed here primarily because I do not feel personally qualified to undertake this immense task; it would inevitably require a sufficient knowledge of both the theory of taxation and finance and the statistical data on communal services in Western countries.

Hence, in this section, I will limit myself to a few critical comments concerning the three functions of the public funds.

(1) First of all, it is quite correct to observe, with the Soviets themselves, that the public consumption funds make no attempt to eliminate the inequality caused by the differentiated wage system, for otherwise they would destroy the Leninist

136) Werth, *op. cit.*, pp. 181-182.

137) Правда, 18 октября, 1964.

138) Greenslade, Rush V., "Forward to Communism?," *Problems of Communism*, No. 1, (January-February, 1962), p. 40.

139) Braverman, *op. cit.*, p. 94.

principle of material incentive—the cornerstone of the Khrushchevian grand design for building full communism. The complete elimination of such inequality is possible only during the highest stage of Communism, when inexhaustible supplies of material goods have already been secured. Until then, the function of the public consumption funds is merely to mitigate, “to a certain extent,” the inequality caused by differentiated wages.<sup>140)</sup> In brief, the Soviet system does not *weaken*, but paradoxically *strengthens* the Leninist principle of material interest. This paradox stems from the fact that the public funds lessen the influence upon an individual’s standard of living of such factors as number of children, dependents, other family factors, invalidity, etc., while leaving wage differences intact. By virtue of public funds, in other words, the Leninist principle of remuneration according to work can be preserved consistently. It should now be quite clear that the two types of distribution “do not cancel each other but complement each other.”<sup>141)</sup> This should not be surprising if we realize that both types of distribution are, after all, nothing but means to the same ultimate end, that is, the construction of the material-technical basis of Communism. “Distribution is,” after all, if I may quote Lenin’s aphorism once again, “a method, a tool, a means for increasing production.”<sup>142)</sup>

(2) It is possible to cite statistics to show that despite Soviet boasting to the effect that the public consumption funds help eliminate a good deal of waste, inefficiency and petty duplication, all the actions of the Soviet government have, on the contrary, been the result of economic necessity, based on a philosophy of scarcity. This may be too unsympathetic an attitude toward the Soviets, who, after all, took only fifty years to move a relatively backward nation to the position of the second industrial power of the world. However, is it only I who cannot help but recall the tale of the sour grapes in Aesop’s Fables, whenever I read the following well known speech on the communal use of the automobile made by Khrushchev?

Americans have now begun to point out more often that they have far more automobiles than the Soviet Union. America really does have a lot of cars. But it is not at all our aim to compete with the Americans in the production of large numbers of automobiles. We are developing and will continue to develop automobile production, but not the way the Americans are doing it. We will turn out a lot of cars, but not now. We want to establish a system for the use of automobiles that will differ from the one in capitalist countries, where people reason on the principle: “The car may be lousy but it’s my own.” We will make more rational use of automobiles than the Americans do. We will develop public taxi pools on an ever broader scale; people will get cars from them for necessary trips. Why should a man have to worry about where to park his car, why should he have to bother with it? Such a system will meet people’s needs

140) Обломская, там же, стр. 81.

141) Правда, 30 ноября, 1966:

142) Ленин, Сочинения (издание пятое), том XXXXIII, стр. 359.

better and accord with the interests of society as a whole and of each citizen individually.<sup>143)</sup>

(3) Finally, based on the "evil" Western tradition of individualism, it is possible to reject resolutely the last major function of the Soviet public consumption funds, namely, the function of educating the people in the Communist principle of collectivism. Let me mention just a few unfortunate by-products of the public funds from the Western point of view: first, there is danger that the availability of "free" nurseries, communal dining rooms and other communal facilities, which free more people, and especially women, for jobs, makes it increasingly difficult for people to avoid the obligation to work in factories or kolkhozes. For now it is possible to tell the women: "your children are being looked after, you don't need to worry about them any more; instead you can go out into the fields while your husbands build dams."<sup>144)</sup> Second, under the communal method of satisfying material needs (through the public funds), the Soviet individual has less scope for personal choice; he is more likely to accept whatever "they" choose for him. This stems from the basic difference between payment in cash and in kind; when the individual is paid in cash, he can exercise his personal choice no matter how small it may be, whereas when he receives his consumption material in kind, he is dependent on his rations.<sup>145)</sup> Mr. Harry Braverman, a constant contributor to "socialist" magazines in the United States, and one of the few Westerners who has shown a keen interest in the Soviet public consumption funds, says that the chief hallmark of communal spending is that "the government, not the individual, does the spending and chooses the commodity or service."<sup>146)</sup> Thus, even the consumption of Soviet citizens is put under the control and supervision of the state, one of the totalitarian features of the Soviet system which frightens Western individualists.

No matter how critically some Western experts view the functions of the Soviet public consumption funds, it is the totality of these functions, according to the Soviets, which constitutes the basis for a definition of the funds as the "Communist form of distribution", or at least as a transitory form, leading from the Socialist principle of distribution according to work to the Communist principle of distribution according to need."<sup>147)</sup> In other words, the Soviets claim that the public consumption funds are not yet Communist, but, by the same token, are no longer a Socialist form of distribution.<sup>148)</sup> This implies, first, that the public consumption funds are a more

143) Правда, 6 октября, 1959. This quotation is from a speech given on October 5, 1959, by Khrushchev to answer local complaints in Vladivostok. Khrushchev repeated practically the same ideas about the communal use of the automobile at a meeting with representatives of French trade unions in Paris, on April 1, 1960; См. Правда, 2 апреля, 1960.

144) Mehnert, Klaus, *Peking and Moscow*. New York: The New American Library of World Literature, Inc., 1964, p. 409.

145) *Ibid.*, p. 394.

146) Braverman, Harry, *op. cit.*, p. 92.

147) Обломская, там же, стр. 81; Правда, 30 ноября, 1966.

148) Правда, 30 ноября, 1966.

*advanced* method of satisfying needs than is personal property. Second, it follows that the more the population's needs are satisfied through the public funds rather than through personal property, the closer Soviet society approaches to full communism. This equation of the growth of the public consumption funds with the development of a communist society was first stated by Marx in his *Critique of the Gotha Programme*: "From the outset, this part (communal satisfaction of needs—H. K.) is considerably increased in comparison with present-day society and it increases in proportion as the new society develops."<sup>149)</sup> By saying that the public funds are more advanced than personal property I mean only that this is the case from the Soviet, "Marxist-oriented" theoretical viewpoint. From other perspectives, serious doubts exist as to the accuracy of this assertion. However, I would like to come back to this point later after the prospects for the public funds are discussed.

#### 4. *Growth of the Public Consumption Funds and Their Prospects*

Even if the satisfaction of needs through the public funds is more advanced than satisfaction through personal property, leading ultimately to Communist distribution purely according to need, this transformation will not take place overnight. Especially, it cannot be expected before the necessity for Socialist distribution according to work is exhausted. Accordingly, in the meantime, during the long transitional period to full communism, the Soviet citizen will continue to receive his share of the material and cultural products of society in the form of wages and other remunerations, as well as through the public consumption funds. The 1961 C.P.S.U. Program put this prospect as follows:

In the coming twenty years payment according to one's work will remain the *principal* source for satisfying the material and cultural needs of working people...

At the same time, as the country advances toward Communism, personal needs will be increasingly met out of public consumption funds, whose rate of growth will exceed the rate of growth payments for labor. (*italics supplied by H. K.*)<sup>150)</sup>

Let me turn now to a more concrete picture of growth of the Soviet public funds, in order to make a realistic estimate of their significance during the present stage of transition to Communism. Both the past growth and the future projected growth of the funds are officially estimated in the following table:

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149) Marx • Engels, *op. cit.*, S. 19.

150) Triska, *op. cit.*, pp. 90-91.

*Growth of Services and Benefits Through the Public  
Consumption Funds<sup>151)</sup>*

Year	Billion Rubles	Year	Billion Rubles
1927-28	0.2	1958	21.5
1937	3.2	1959	23.0
1940	4.2	1960	24.5
1950	12.2	1965	36.0
1955	15.4	1980	255-265 (projected)

The next table shows the cost of social-cultural measures in the State budget of the U.S.S.R.:

*Expenses for Education, the Arts, Medicine, Physical Culture,  
and Social Insurance, 1928-1963<sup>152)</sup>*  
(per cent of total budget)

1928-1932	22.4	1958	33.3
1933-1937	25.3	1959	32.8
1938-1940	25.2	1960	33.2
1941-1950	26.3	1962	33.6
1956	29.2	1963	36.0

The Soviets contend, as can be seen from the above table, that approximately one-third of the U.S.S.R. State budget has been given to the people through the public consumption funds.<sup>153)</sup> The 1961 Program promises that in another 20 years (1980), the "public consumption funds will total about half of the aggregate real income of the population."<sup>154)</sup>

In 1963, according to reports by both P. P. Maslov and I. Ia. Oblomskaia, payments, services and benefits received by workers and employees from the funds totaled about 38 rubles per capita; when the amount spent for construction of housing, schools, cultural facilities and medical facilities is added, the figure comes to 46 rubles.<sup>155)</sup> Rakitskii reports that payments and benefits received by workers and employees from these funds "amounted to 23 per cent of the average money earnings in 1940; by 1955 this 'addition' had increased to a little more than 28 per cent, and

151) Маркович, там же, стр. 29; Майер, там же, стр. 29; Tsunts, *op. cit.*, pp. 11-12.

152) Маслов, П. П., там же, стр. 28.

153) Фигурнов, там же, стр. 179; Обломская, там же, стр. 80.

154) Triska, *op. cit.*, p. 96.

155) Маслов, П. П., там же, стр. 29; Обломская, там же, стр. 80. Premier Kosygin gave more modest figures in his private interview with *Life Magazine* on January 19, 1968: 28 rubles for 1960 and 36 rubles for 1967. ("A Private Interview with Premier Kosygin," *Life*, Vol. 64, No. 5, February 2, 1968, p. 32 A.)

in 1965 it already reached 35 per cent."<sup>156)</sup>

Can we really expect that, as promised by the Party Program, the public consumption funds will equal about half the total income of the population by the end of 1980? To provide a basis for answering this question, the following points should be mentioned.

First, we can not even be quite certain whether the 1961 C.P.S.U. Program itself will remain as the accepted guideline for the foreseeable future. Khrushchev's successors, of course, have neither *directly* criticized the program nor *officially* declared it void. However, they seem to have abandoned it implicitly by ignoring it, for it has been mentioned less and less often. (In 1966, for the first time, it was not included in the May Day slogans selected by the Central Committee.)<sup>157)</sup>

Second, there are economic reasons for doubting that the projections for the public funds will be fulfilled. For, it would be too optimistic to expect that one promise will be successfully fulfilled, when most of the other economic blueprints written into the Program have proven to be fantastic boasting, only to be later abandoned, greatly modified, or delayed. Harry Schwarz summarized the entire economic record of the Khrushchev period as the repetition of great promises, later abandoned. After citing many examples of this pattern (such as Khrushchev's programs equalling American meat production, enunciated in 1960, and abolishing the income tax by 1965, or the Seven-Year Plan for 1959-1965, etc.), he concludes with regard to the feasibility of the economic program as a whole:

This rather consistent inability of Soviet leaders to see ahead perfectly even for relatively short periods such as five or seven years inevitably must raise the most serious doubts about the 20 year program for economic development during 1961-1980, embodied in the Third Program of the Soviet Communist Party.<sup>158)</sup>

Third, it is doubtful that the post-Stalin leadership had really been seriously thinking of building Communism through expansion of the public consumption funds. It has been pointed out, even by Soviet theoreticians themselves, that the public consumption funds have not been given proper attention in legal documents other than the Party Program.<sup>159)</sup> The civil legislation of the early 1960's, for instance, which was adopted in conformity with the Program, and whose task is the "ever increasing satisfaction of the material and spiritual needs of citizens" (Principles, preface; Civil Code of the RSFSR, Art. 1, I) did not pay sufficient attention to the public consumption funds. Of course it does include a few regulations, in the expectation of further expansion of services supplied by society rather than based on

156) Правда, 30 ноября, 1966.

157) Leonhard, Wolfgang, "Politics and Ideology in the Post-Khrushchev Era," *Soviet Politics Since Khrushchev*, edited by Dallin, Alexander and Larson, Thomas B., Englewood Cliffs, N. J.: Prentice-Hall, Inc., 1968, p. 56.

158) Schwarz, *op cit.*, p. 234.

159) For example, Осипова, М. И., "О правовом регулировании бытового обслуживания населения," С. Г. П., 1960, № 11, стр. 71.

individual ownership; for example, it deals with: (1) the leasing of household articles, musical instruments, sports equipment, light automobiles and other property, for personal use, supplied to a citizen by a state, co-operative or public organization (Principles, Art. 55; Civil Code of the RSFSR, Art. 277); (2) domestic-service order contracts for various types of services to citizens (Principles, Art. 66; Civil Code of the RSFSR, Art. 367); (3) the leasing of housing, until the introduction of free housing (Principles, Art. 57; Civil Code of the RSFSR, Art. 303). However, no "unifying norms"<sup>160)</sup> can be found in this civil legislation, that is norms which provide a general framework for regulation of the distribution of the services and benefits provided by society to the individual Soviet citizen.

Fourth, there is a most important theoretical and economic reason which makes it difficult for Soviet society to soon proceed to distribution through the public consumption funds. It is agreed by Soviet leaders and theorists that material abundance and the transformation of labor into a vital necessity of life are absolutely necessary prerequisites for a transition to this method of distribution.<sup>161)</sup> I will discuss the second (subjective) prerequisite in the last part of this dissertation.

The relationship between the public consumption funds and material abundance is a very complicated matter. In order to be able to provide almost all commodities and services through the public consumption funds, whose mode of distribution is in accord with need, an inexhaustible abundance of material goods is absolutely necessary. The creation of material abundance, however, is possible only through the intensive use of a property incentive policy, which is based on the principle of distribution according to work. In sum, in order to proceed to distribution according to need, the principle of distribution according to work must be strengthened to its utmost. This delicate, and apparently contradictory, relationship between the two modes of distribution must correctly be called a dilemma, since the means (distribution according to work) to achieve the end, is diametrically opposed to that end (distribution according to need). But the Marxist-oriented Soviet leaders and theorists naturally call it "dialectics." This reminds me of another example of the Marxian dialectic demonstrated by Stalin in 1930. It goes as follows:

We are in favor of *the withering away of the state*. But at the same time we stand for strengthening the *proletarian dictatorship*, which constitutes the most powerful, the mightiest of all governing powers that has ever existed. The highest development of governmental power for the purpose of preparing the conditions for *the withering away of governmental power*—that is the Marxian formula. Is this "contradictory?" Yes it is "contradictory." But this condition is life, and it reflects completely the Marxian dialectic.<sup>162)</sup> (italics supplied by H. K.)

160) Там же.

161) See, for example, Khrushchev's speech at the 22nd C. P. S. U. Congress; Правда, 19 октября, 1961.

162) Сталин, Сочинения, том XII, стр. 369-370.

If in the above quotation “the withering away of the state or governmental power” and “the proletarian dictatorship” are read respectively as “distribution according to need” and “distribution according to work,” it becomes very obvious that post-Stalin politicians and theorists have been using the very same “dialectical” logic as their predecessor. In other words, they have discredited Stalin himself, but not his “dialectic.”

##### 5. *Further Remarks on Prospects for the Public Consumption Funds*

It is implicitly or explicitly assumed by the Soviets that communal satisfaction of individual needs through the public consumption funds is a higher and more advanced form than individual satisfaction through personal property. Based on this assumption, the public consumption funds must, and will, gradually replace personal property in the future. What, then, if this basic assumption proves incorrect? In such a case, the prospects for both the public funds and personal property would, of course, have to be modified accordingly, or even abandoned completely.

It goes without saying that Soviet politicians and theorists do not have the slightest doubt about the accuracy of their assumption. As adherents of a “Marxist-Leninist-oriented” ideology, they cannot doubt it, especially in view of the three major functions of the public funds, that is, their egalitarian, economy and educational functions. However, if one does not accept this ideological viewpoint, he cannot take the above assumption for granted. I have already mentioned that various Western experts have criticized each of the three functions of the public funds. These criticisms might, by themselves, be powerful enough to cast serious doubt on the basic Soviet assumption that the public funds are a more advanced form of consumption than personal property.

Nevertheless, I would like to add one more reservation of my own to the list. It arises from the consideration of a purely non-ideological aspect of both forms of consumption. Of course, in another sense, this criticism might be considered quite ideological, for it seeks to undermine both the basic Soviet assumption concerning the public funds, as well as the prospects for the funds derived therefrom.

G. Gak, in an article in *Kommunist* (No. 1, 1961), entitled “Communism and Property,” outlined a very interesting and very challenging thesis, concerning the relationship between man’s mode of consumption of material and cultural needs and the development of civilization itself. The further civilization advances, Gak boldly concludes, the more will consumption needs be satisfied through public consumption funds or their equivalent. For, first of all, public, communal consumption offers greater convenience than the personal, individual mode; second, certain personal needs can be satisfied only through the communal form of consumption. To illustrate the first point, Gak refers to the convenience of public heating or lighting as compared with the personal appropriation of firewood or kerosene. Concerning his second point, he contends that television is in no position to replace the theater. Of course, Gak himself admits that it is possible to find cases of what he calls “reverse order,”

by which he means that the growth of civilization and culture may be accompanied by the replacement of some articles of public, communal consumption by those of personal, individual use; for example, he mentions the replacement of the public bath by the private one. The general rule, however, Gak claims, is that "the increase of its (communal consumption—H. K.) importance is the fruit of civilization and increasing technical progress."<sup>163)</sup>

However, I remain unconvinced by Gak's exposition of this proposition. Without providing sufficient sociological data to show that the communal form of consumption increases in importance in proportion to the progress of civilization, it seems too bold and premature a conclusion. On the contrary, "the reverse order" thesis seems to be more valid proposition. Unfortunately, I am not in a position to present sufficient sociological data to prove my point, either. To strengthen my position, however, I would like to introduce an interesting and relevant observation made by Mr. Hidetoshi Kato, a brilliant young Japanese sociologist, who has studied with David Riesman in the United States.

In his book entitled *Middle-Brow Culture* (1957), Kato reported his findings on the change in function which radio has undergone since television became easily available to most Americans. His findings can be summarized as follows: With the first appearance of television on the American market, it was imagined that a serious blow had been dealt the radio-manufacturing industry. However, statistics were soon presented which seemed to contradict this assumption. It was reported that the sale of radios had promptly recovered after an initial decline, and even increased. Why should this be so? The "personalization of the radio" seemed to be the answer. The radio's function as a medium of family entertainment in the living-room was destroyed by a more powerful medium, i.e. television. However, radio now performed a new function, the entertainment of the lonesome or busy individual in a private room, whether it be a bedroom, a kitchen, or any other place. The radio has become increasingly smaller, lighter, handier and cheaper, enabling it to meet this purpose ever more efficiently. One radio per person has thus become the new fashion in the United States.<sup>164)</sup>

The same change of function, that is, the tendency toward the "personalization" of certain consumption goods, as civilization advances, can be found in other areas, for example, from a train or bus through a large-size car to a small-size car, and so forth. Of course, I am not saying that the personal form of consumption is more advanced than the communal mode. In fact, the radio or television can never replace the concert, play or movie in a big theater. Rather, what I am trying to say is that one cannot legitimately claim that one form of consumption is more advanced than another. This conclusion can be arrived at as follows: first, it seems to me that there are, roughly speaking, two methods of satisfying human material and cultural

163) Гак, там же, стр. 68-69.

164) Kato, Hidetoshi, *Middle-Brow Culture*. Tokyo: Heibonsha Publishing House, 1957, pp. 54-55.

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needs, the personal and the communal; second, both forms tend to derive their role and significance from the prevailing conditions of society at any given moment; third, although the importance of each form might vary from era to era, both seem to be necessary to some degree during all periods. There seem to be no definite historical trend, that I can discern, which is leading to the elimination of one or the other; fourth, neither of these forms, therefore, can replace the other. It is difficult, then, to say which is the more advanced or the less advanced form of consumption, unless one takes a particular ideological point of view. So far as the classification of the modes of consumption into personal and communal goes, the attempt to marry just one of these two forms to the development of civilization is hardly supportable. Rather, the affluent, highly-developed civilization will always provide a sufficient variety and combination of both forms.