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PROBLEMS OF PERSONAL CONSUMPTION IN THE SOVIET ORBIT

MUCH HAS BEEN WRITTEN in recent years on the situation of the Soviet consumer since the appearance of Mr. Khrushchev on the political scene. There have also been studies exploring the consumption situation in some of the Eastern European countries. These analyses have in the main been confined to fairly general principles and have to a considerable extent relied on officially published figures, adjusted for error and omission. The major inconvenience of this approach is that it tends to produce a synthetic picture of reality and fails to take sufficiently into account the profound and immediate psychological impact of consumer goods shortages and problems of quality upon rising consumer sophistication.¹ In short, important and useful as such general studies are, they tend to be somewhat short on details, a failing particularly significant in any evaluation of the consumer sector. A rising sales volume, for instance, may be optimistically interpreted as benefitting the consumer even after due adjustments for statistical imperfections had been made. It comes, therefore, as something of a shock when one turns from these generalizations to read:

How can you take credit for a sales volume in the millions when for years it has been impossible in the virgin lands [Kazakhstan] to buy tooth powder, saddle soap, cabbage, fruit juices, and many other necessary goods References to the great sales volume prevent the officials of the consumers' cooperatives from facing the truth.²

It may, of course, be argued that examples such as the one just cited are isolated, and consequently are not typical or sufficiently significant to affect the overall picture. When, however, such examples come not in isolation but in droves and when, moreover, they appear not in one country alone but in every land of the socialist system, a second look at the conclusions drawn from numerical trends may not be out of place.

The latest program of the Communist party of the Soviet Union points out that the countries of the socialist bloc are

united by common interests and goals [They] have accumulated considerable collective experience in the remodeling of the lives of hundreds of millions of people and have contributed many new and specific features to the forms of political and economic organization of society.

The present study sets itself the task of exploring a link between the countries of the socialist bloc which is not mentioned in the program, but which nonetheless appears to be real and present on the level of everyday life. This link consists in the fundamental neglect of the items of personal consumption as regards both quantity and quality. The emphasis here is on goods and services entering personal consumption as distinct from items of communal consumption such as old-age pensions, health and educational services, maternity benefits, houses of culture, and public transportation. It refers primarily to the sort of items mentioned in the complaint quoted earlier: "tooth powder, saddle soap, cabbage, fruit juices, and many other necessary goods". If this appears somewhat pedestrian, it is of sufficient interest and urgency to the consumers directly affected for them to risk a charge of deviationism by airing their irritation in public. It also seems to be regarded by the top directorate as potentially explosive, and therefore meriting the opening of such emergency escape hatches as the publication of discussions on the shortcomings of the consumer sector. This study is essentially empirical and consequently perhaps a little overburdened with case citations. The only excuse for this is that for every case cited, hundreds more can be found by consulting the Soviet and Eastern European daily and periodical press. If these complaints sin by excessive detail, they are nonetheless the genus of a very common species. They have also this of interest: better than a more general study, they help to explain such phenomena as the East German exodus in 1961 and the Hungarian and Polish events of 1956. They may also throw some light on the probable course of Communist construction in the years to come.

The problem common to every country of the Soviet orbit is the chronic shortage and poor quality of a wide range of items of personal consumption, including essential services. This problem—which appears to be extremely vexing to the consumers involved—has often been dismissed in the West as the price which any economically under-developed society is likely to have to pay for rapid economic growth. The resources necessary for growth-generating investment must be drummed up somewhere, and it is relatively convenient to get them from the consumer

by keeping consumption within strictly defined and slowly rising limits. It is sometimes argued that the Western countries, having done this in the nineteenth century, are now obsessed with the importance of consumption, an obsession verging on the trivial. The more industrially advanced countries of Western Europe and North America have reached a stage at which the problem of consumption tends increasingly to become one of disturbing questions of values. The satisfaction of a wide range of wants and the need to keep the industrial treadmill going have led to a situation in which a variety of ethically, socially, and aesthetically doubtful wants is being created for the consumer by sustained and intensive advertising directed against his resources. The demand curve is no longer an expression of spontaneous wants reflecting more or less precisely the values of society. It is very largely manufactured in the promotion departments of oligopolistic giants. In short, much of the West is in a position where consumption has become predominantly a problem of philosophy. From this vantage point it is sometimes difficult to understand that in the Soviet orbit consumption is still a fundamental and urgent economic problem brought home to every consumer with a force which leaves little room for philosophical speculation.

Since the death of Stalin the consumption needs of the populations of Soviet orbit countries have received more official attention than ever before. An attempt has been made to pass on to the consumer some of the gains in productivity and labor force in the light industries. The form in which the consumer received these gains has mainly been that of communal consumption. This preference for communal consumption as compared to individual (autonomous) consumption, and for heavy industry as against light industry is reflected in the planned allocation of investment resources, and in the very classification of industrial sectors into "A" (producers' goods industries) and "B" (light and consumer goods industries). In explaining the "B" position of the worker as consumer in what, after all, claims to be a working man's system, the scale of priorities in the allocation of resources is perhaps the most significant, followed by imperfections in the highly centralized and administratively top-heavy distribution network. Since the price mechanism as a signalling and allocating device has been removed, consumer preference has no means of materializing in the market. Nor can consumer preference manifest itself through the government except in so far as the chief Party decision-makers consider the situation opportune for concessions. This tends to occur at times of political change-over in the top directorate when a resort to something in the nature of public opinion becomes an element in fractional manoeuvring into positions of power.

The Soviet-type system of priorities is illustrated by the Roumanian investment performance in the period 1956-1960.³

Investments in the socialized sector of the economy
(Millions of lei, prices of January 1, 1959)

	1956	1957	1958	1959	1960
Total investments	15,002	13,966	15,234	17,803	22,549
Industry	8,457	7,691	8,234	8,991	11,556
Sector "A"	7,467	6,932	7,393	7,984	9,869
Sector "B"	990	759	841	1,007	1,687
Housing	907	926	937	1,033	1,555
Sector "B" as percentage of total investment	6.60	5.43	5.52	5.66	7.48
Sector "B" as percentage of sector "A"	13.26	10.95	11.37	12.61	17.09
Housing as percentage of total investment	6.05	6.63	6.15	5.80	6.90

This is a fairly typical pattern for the countries of the Soviet bloc. Another way of looking at the same problem is by the end use of the gross national product. After one makes allowances for differences in statistical concepts, it transpires that typically the Soviet Union devoted in recent years about 45 percent of its gross national production to consumption by households (including communal consumption), and about 25 percent to investment. The United States devoted typically more than 65 percent of a much larger gross national production to consumption by households.

These, however, are not the factors mentioned in official Communist-bloc explanations of consumer difficulties. The explanations are either ideologically involved or they tend to shift the blame on to the shoulders of lesser officials of the trade apparatus who are usually accused of a "formalistic approach" to the consumers' "legitimate complaints". The following, of Czechoslovak origin, is an example of what may perhaps be termed the "ideological fog approach":

Many of the present shortages can be explained quite reasonably on the whole . . . One may describe them as teething troubles. We must expect them also in the future because production will always trail behind demand . . . This is a generally known truth from the lessons on non-antagonistic conflicts in the socialist economy . . . We have got used to explaining shortcomings instead of insuring that they are corrected, we have got used to being satisfied when a shortcoming can be explained. A whole number of shortcomings which we are able to explain but which still remain shortcomings have their root in an unprincipled attitude of the responsible workers towards their duties. But often we hear the question asked by these workers: 'And

what can we do about it?' What can we do? He cannot do anything, the second and the third cannot do anything either. There you are! Are elemental forces at work here? Ridiculous.⁴

The shifting-of-the-blame approach is exemplified by the problem of the virgin-land shortages. *Komsomolskaya Pravda* and *Izvestia* led the attack. The essence of the virgin-land problem was the serious neglect of the living conditions of workers who had responded to Mr. Khrushchev's call for a new frontier drive in Kazakhstan and other sub-zero places. The virgin-land workers complained that

winter has come, but here you cannot buy clothing, headgear, warm mittens or even gloves . . . The bread we receive is simply terrible . . . Winter has come but it is summer in the store . . . We have no canned fruit, and canned fish and vegetables are rare . . . You cannot even buy such a simple thing as a comb. Cigarettes appear in the store only rarely. . . . There is no place to eat at the construction project . . . There is no place to wash laundry or to hang a coat, there are not even enough stools The building is not heated.⁵

The chairman of the board of the Kazakhstan union of consumers' co-operatives was blamed and gave a "formalistic" reply. Since the shortages continued in spite of the explanation, an attack was made one step higher up the hierarchical ladder, on the chairman of the board of the central union of consumers' co-operatives, who after lengthy reflection replied in a manner which clearly indicated that here the line of criticism had to be drawn. Any further probing into the causes of the trouble was likely to unearth the real cause and thus strike at the system:

It must be pointed out that for 1959 the Kazakh Republic Council of Ministers allocated insufficient funds to the Kazakhstan Union of Consumers' Cooperatives for such manufactured goods as winter coats, felt footwear, headgear, and cotton fabrics.⁶

The allocations referred to were, of course, the planned and centrally approved allocations. It was a hint to the editors of *Komsomolskaya Pravda* that the issue was getting too hot to handle and that it had better be dropped.

It may perhaps be argued that the Kazakhstan example is not typical since it refers in a sense to frontiersmen, pioneers who by tradition must take the rough with the smooth. But similar complaints were echoed all over the Soviet Union and the East-European Communist bloc. That the bond of shortages and poor quality is strong between the countries building socialism and Communism seems to be brought out by the following observations from the citizens of three Soviet-bloc countries. It would be difficult to name the countries of origin merely by reading the texts.

The laboratories of the State Commercial Inspection examined in 1960, 63,291 industrial articles. The results were rather terrifying. On the average 50.7 percent of the examined samples showed a deviation from the norms in force. Processed fish held a sad first place in this respect: 68.7 percent of it deviated from the established norms. Processed fruit and vegetables deviated in 53.4 percent of cases; processed pork in 52.7 percent. With regard to industrial goods, the percentage of faulty articles increased from 43 percent in 1959 to 50.9 percent in 1960 . . . The "principle" that retail trade does not exchange bad goods once the customer has bought them is a special privilege for the producer . . . It is the practice at present that with regard to industrial goods the customer is directed to the repairs workshop. Where clothes are concerned, their exchange for clothes of proper quality (or money refund) requires a colossal effort from the customer.⁷

In certain cities and workers' settlements one cannot even buy goods that are plentiful at warehouses . . . A team of experts was asked to check the quality of 1,628 alarm clocks delivered by the Yerevan Clock Factory. Defects were found in 1,595 clocks.⁸

We have good restaurants but they are all for export only.⁹

In their drive against private craftsmen, traders, and small businessmen, the countries of Eastern Europe, following the Soviet example, have brought unnecessary hardships upon the consumer. Since the state and co-operative sectors found themselves short on resources and generally unfit to handle retail problems, the situation degenerated into what the Czech theorist called "non-antagonistic conflicts":

Yesterday I took my shirt to Panenska Street. I waited while a lot of people collected their garments. I was brought back to the present by a man standing in front of me. 'So, I am to come for my jacket in six weeks? Why, it did not take this long in the reign of Maria Theresa. This is really good: Gagarin flew around the earth in less than 90 minutes and I have to wait six weeks for a one-inch patch!'¹⁰

If we make complex optical and other instruments so well, why do the less complex and even the simple things come out so much worse? . . . Just visit a men's clothing store! You will see coarse, inelegant suits . . . Why are so many products still so ungainly and clumsy, why is the joy of new residents so often clouded when, soon after moving into a new apartment, they discover that the floors are warped, the doors do not close, and the windows leak?¹¹

When in 1956 the Communist system was shaken by expressions of popular discontent in Poland and Hungary, some of the reasons for the inadequate housing situation came to light. The reasons were intimately bound up with the Communist economic system—they were generated by the system. One was the lop-sided resource allocation. In Poland, the price of bricks was arbitrarily set below the cost of production; the result was an excessive use of bricks with a total disregard for

cavity wall construction. The building-materials industry was neglected, and the administrative organization of the building industry was cumbersome and costly. Nobody would take the responsibility for urgent and necessary tasks. To fulfil and overfulfil the plan (and so supplement wages and salaries with sorely needed bonuses), most of the building activity took place in the last quarter of the calendar year to make up for lost time earlier in the year. The result was that 24 percent of the houses built in the last two months of 1954 were judged to have been sub-standard.¹² Although an effort has been made since 1956 to remedy the intolerable housing situation, a solution is not in view. The Communist countries calculate dwelling space in terms of "rooms", which include hall, staircase, kitchen, and storage space. The legal norm for dwelling space in Poland, which in 1958 was 7 to 10 square meters, has since been reduced to 5 to 7 square meters.¹³ The actual housing space per person is actually much more restricted. Since 1956 the Soviet Union, which still sets the economic pace within the bloc, has made striking strides in science and space technology:

unfortunately, concern for quality is not everywhere evident. There are a good many instances of new houses in which moisture soaks into the exterior walls so that they freeze, in which the seams between the panels leak or admit drafts, and in which inner walls, ceilings, and floors have extremely high sound-conductivity. Especially in need of quality control are the welds in metal fittings. They must be protected from corrosion The production of high-quality porous-clay cement has not been organized to this day.¹⁴

These developments are not easily reconciled with the promises, contained in the Soviet party program, that by 1980 the Soviet Union is to enter the era of abundance, and unparalleled prosperity will be the lot of every citizen. There is little evidence so far of an approach to this state of affairs. One more example will illustrate what is involved. There are 1,500,000 inhabitants in the city of Novosibirsk and an acute shortage of what the Soviet press describes as "everyday, household and cultural goods" (radios and phonographs are examples of cultural goods). Frequent recourse is, therefore, made by the population to the city's only rental store located in the basement of a building on the left bank. *Trud* (May 27, 1961) records the following conversation in the course of a day's business at this store:

- I should like to rent a refrigerator.
- There are no refrigerators now.
- Can I rent a vacuum cleaner?
- They are all out.
- How about dishes?
- We have no dishes at all.

The reason for this turn in the conversation is that to service a population of a million and a half, the rental store disposes of three refrigerators, five washing machines, and six vacuum cleaners. If the cost of the article is more than 45 rubles, the customer has to present not only a notarized guarantee, but also a character reference from his employer.

It is interesting to follow the efforts exerted by the Party to discredit personal consumption as such and to turn, wherever possible, what normally are items of personal consumption into items of communal consumption. Private automobiles are a case in point. These continue to be scarce except in party and government circles and among the higher echelons of the intellectual élite. Poland sells annually about 11,000 automobiles to private consumers,¹⁵ and there are at present about 19,000 privately owned cars in Hungary.¹⁶ Private car owners—unless they are party members or officials of the state apparatus—are, however, looked at with official suspicion and run the risk of being branded as profiteers and speculators. In the Soviet orbit there is still something opprobrious about consuming too much, and in the wrong form. The matter was summed up by Mr. Khrushchev during one of his trips across the Soviet Union:

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 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 where to park his car; why should he have to bother with it?¹⁷

Private home building and the ownership of one-family houses, although tolerated in the context of the chronic housing shortage, is similarly viewed with ideological distaste. It is regarded as theoretically sound only if it is a "modest home for [a man's] family built on his hard-earned savings".¹⁸ Exceptions are implicitly made for party leaders and higher government officials.

Some Western analysts have drawn attention to the fact that the Soviet consumer does not habitually make international comparisons of living standards for the sufficient reason that he knows nothing about them. What he does know is that his own standard of living has shown improvement in the last few years, and this fact keeps him relatively content. This may be so, although it is not brought out by such consumer observations on the subject as have been passed for publication in the Soviet press. The argument is even less valid for the citizens of the less isolated and culturally more alert countries of Eastern Europe. It is certain that the consumers who will have the privilege of seeing their children usher in

the era of plenty have had their share of privations and that at present there are few signs that a radical change is in sight. Such improvements in the consumer goods and services situation as can be registered are a hard-earned gain not easily flexible downwards. The situation in this sector is still bad, and rising consumer expectations do not make it better.

NOTES

1. The present writer has followed this method in a study "The Soviet Consumer in Khrushchev's Russia", *The Russian Review* (July, 1961).
2. *Komsomolskaya Pravda*, Moscow, November 28, 1959.
3. *Roumanian Statistical Bulletin*, Bucarest, 1961.
4. Editorial, *Pravda*, Bratislava, June 18, 1961.
5. *Komsomolskaya Pravda*, Moscow, November 28, 1959 and *Izvestia*, Moscow, January 5, 1960.
6. *Komsomolskaya Pravda*, Moscow, January 8, 1960.
7. *Tygodnik Demokratyczny*, Warsaw, May 31-June 6, 1961.
8. *Izvestia*, Moscow, July 12, 1958.
9. *Hospodarske Noviny*, Prague, November 9, 1958.
10. *Vystavka Socializmu*, Prague, May 25, 1961.
11. *Izvestia*, Moscow, January 24, 1960.
12. *Trybuna Ludu*, Warsaw, August 26, 1955.
13. *Trybuna Ludu*, Warsaw, June 28, 1961.
14. *Pravda*, Moscow, June 21, 1961.
15. *Zycie Warszawy*, Warsaw, June 30, 1961.
16. *Esti Hirlap*, Budapest, March 22, 1961.
17. *Pravda*, Moscow, October 8, 1959.
18. *Pravda*, Moscow, June 21, 1961.