

scarce investment resources. In short, while Miss Erro's article would seem to draw a picture more gloomy than the facts warrant, Mr. Goldman may err in the other direction.

## A REJOINDER

By Imogene Erro

In criticizing my article, "And What of the Consumer?," Mr. Goldman sometimes loses sight of my central argument. The study was not an attempt simply to measure the improvements over time in the Soviet consumer's situation, nor was it intended to show whether the consumer's cup was half empty or half full. Rather, I was mainly concerned with the promises made to consumers by Soviet officials in recent years and with the success or failure of light industry in fulfilling these promises. My conclusion was—and continues to be—that, in spite of some rather noticeable achievements during the 1950's, Soviet light industry has failed to deliver what the leadership promised (and planned), and what consumers believe they can rightfully expect as the economy develops. The reductions in goals for light industry announced at the CPSU Central Committee plenum last December—a few months after my article was written—lend additional support to this judgment.<sup>1</sup>

If, as Mr. Goldman contends, a study of light industry only is not enough to allow generalizations about Soviet consumer supplies because "the nature of consumption in the USSR has increased in complexity," then let us expand the discussion to include the other com-

ponents of personal consumption—food, housing, consumer durables, and services.

The record shows quite conclusively that the rate of growth of Soviet personal consumption has declined since 1958. Figures published by the Joint Economic Committee of the US Congress in 1962 demonstrate that annual increases in Soviet per capita consumption of consumer goods (including food, light industrial production, and consumer durables) have dropped since 1958, even though consumer services have continued to grow at an increasing rate.<sup>2</sup> This trend is also indicated in the commentary by Mr. Becker. While his statistics are not exactly the same as mine, his aggregate index shows a similar decline in the consumption growth rate (see "All Categories" in his table above)—which is the principal point of my argument.

Mr. Becker states that Soviet per capita consumption increased 4 percent a year on the average during the first four years of the present plan period; if one chooses to accept his "outside limit," as I would be inclined to do, this average would drop to 3.5 percent a year. In either case, as Mr. Becker admits, the increase is comparatively small. However, we are concerned here not so much with the average achievement as with the trend in Soviet consumption. The aggregate index, when converted to a per capita basis, shows that increases in consumption, which were respectably high in 1959 and 1960, fell to lower levels in the succeeding years. Furthermore, the year 1963, which is not included in Mr. Becker's indexes, turned out to be the poorest year of all for the Soviet economy.<sup>3</sup> For example, the output of the processed food industry increased only 5 percent in 1963, compared with gains of 10 to 11 percent in other recent years, and light industry reported a pro-

duction increase of only 2 percent, the lowest increase of any year since World War II. Because of these developments, any improvement in personal consumption in 1963 was probably slight.

Now let us consider separately the various components of Soviet consumption:

(1) Food supply in the USSR was generally adequate in recent years, at least in caloric value, until the end of 1963, when poor harvests produced severe strain and forced Soviet officials to purchase wheat from the West. However, even before these weather-conditioned reverses set in, some leveling-off of gains in the quality of the diet had been noticeable.<sup>4</sup> Thus, even though Khrushchev had promised in 1957 to overtake the US in per capita production of meat and milk within a short time, the forecast proved to be over-optimistic and the slogan had to be abandoned. Instead, by mid-1962, the leadership saw fit to impose sharp increases in the prices of meat and butter.<sup>5</sup> This measure, designed to reduce disposable incomes and at the same time to stimulate further production of the affected products, caused considerable distress among consumers and culminated in public demonstrations and riots in some areas.<sup>6</sup> Furthermore, the recent slaughtering of livestock, necessitated by feed shortages, will have an adverse effect on supplies of livestock products, especially meat, for some time to come. Thus, although some of the current deficiencies may soon be alleviated by better harvests, Soviet consumers can expect little more than modest improvements in food supplies, especially in quality foods, in the foreseeable future.

<sup>1</sup> For example, 1965 goals for fabrics were reduced from 8.3 billion to 7.4 billion square meters, a reduction of 11 percent. Leather footwear goals were reduced from 515 million to 470 million pairs, a reduction of 9 percent. *Pravda*, Dec. 16, 1963.

<sup>2</sup> Congress of the United States, Joint Economic Committee, *Dimensions of Soviet Economic Power*, p. 360.

<sup>3</sup> *Pravda*, Jan. 24, 1964.

<sup>4</sup> *Dimensions of Soviet Economic Power*, op. cit., pp. 360, 361.

<sup>5</sup> *Pravda*, June 1, 1962.

<sup>6</sup> For a discussion of popular unrest, see, "When the Kettle Boils Over . . ." by Albert Boiter, *Problems of Communism*, Jan.-Feb. 1964, p. 33.

(2) In the field of Soviet housing construction, weather is not an important factor, and growth in this sector clearly reflects decisions by the leadership on allocation of resources. Yet, the longstanding housing shortage persists, while prospects for solving this basic consumer need are not encouraging. Living space per capita in Soviet urban areas averages about one-fourth of that in the US; in rural areas the average is even less.<sup>7</sup> A pledge by Soviet officials in 1957 to alleviate the housing shortage within 10 to 12 years was accompanied by a substantial increase in housing construction, including some private-home building, but the effort was not sustained. In 1963, new urban housing construction declined to 77 million square meters from an average annual level of 81 million in 1958-62.<sup>8</sup> Moreover, given the strain on resources currently felt by the whole economy and the new high priorities assigned to the chemical industry and the agricultural sector, any stepup in the pace of housing construction is not likely in the immediate future.

(3) As for consumer durables, growth rates for a few items reported each year are, as Mr. Goldman states, truly "dazzling," but how large a share do these products represent in the total supply of consumer goods? Retail trade statistics show that of all nonfood consumer goods sold in 1962, consumer durables comprised less than 4.5 percent.<sup>9</sup> This includes refrigerators of various sizes, many of which are small; washing machines, mainly agitator types without wringer or spinning devices; sewing machines, of which only a few are motor-driven; radio and television sets, vacuum cleaners, floor polishers, and a few others. The production of washing machines and refrigerators is increas-

ing fairly rapidly, but production of watches, clocks, and cameras has leveled off somewhat, and that of sewing machines has been sharply reduced since 1960, in spite of high 1965 goals for all these commodities. Poor quality—a common characteristic of many Soviet-made durable goods—has depressed the sales of some of the products. For example, many low-quality, last-century models of sewing machines have proven unsalable and are reportedly sitting in warehouses.<sup>10</sup> On the other hand, customers in search of refrigerators currently wait three to five years for the more popular models and nearly as long for washing machines.

**I**t is true that the buildup of inventories in clothing, shoes and other goods does reflect a continuing ability to expand production. As Mr. Goldman argues, this condition may tend to justify cutbacks in the production of selected commodities. However, little consumer satisfaction derives from an accumulation of surplus stocks so poor in quality as to be unsalable and so troublesome to the trade system as to be labeled even by Soviet officials as pure economic waste.<sup>11</sup> Indeed, what is the economic rationale of producing a range of goods that cannot be sold, especially in an economy where scarcities are so prevalent? Given this situation, increases in the marginal propensity to save (or to consume) are perhaps a dubious indicator of economic progress. The real problem is the question of how to cope, in a centrally-directed planned economy, with the complexities of production and marketing so as to offer people a range of goods reflecting their needs and tastes. Quite apart from these technical difficulties, however, the leadership has not seen fit to support its promises to the consumers with the necessary allocation of resources.

Professor Turgeon criticizes my conclusions for presenting an excessively pessimistic picture of both recent gains and short-run prospects for improvement in Soviet consumer goods production. He contends that achievements in 1963 and recently-announced revised plans show that the Soviet leadership has a good deal of confidence in its ability to accelerate the rate of growth in consumer industries in the next two years. His analysis attributes the over-all slowdown in the Soviet economy, and presumably the slow improvement in consumer production, to a reduction of the number of new entrants into the labor force resulting from the drop in birth rates during World War II. Professor Turgeon argues that, even though expenditures for defense and foreign aid may have had some effect, the slowdown in the early 1960's was due primarily to the labor shortage, and that this was, in fact, predictable. However, he believes that better days are immediately ahead because the number of entrants into the labor force will be on the upswing in 1964-65 and planned investment in light industry for that period is accordingly high. Together, he says, these factors will combine to permit the upsurge in consumer goods production which Soviet officials have been planning for all along.

In the absence of more precise data, discussions about Soviet consumer welfare must sometimes fall back on what Soviet statisticians call "Group A" and "Group B" industries, and Professor Turgeon has chosen to build his case on these series. However, he has neglected to point out the serious limitations of the basic data. The truth of the matter is that these aggregate series are fuzzy, difficult to describe, and often impossible to reconcile with other important measures. The Soviets use this classification to divide the total output of industry into two large categories: goods used for further production (Group A), and goods destined for consumption by the popu-

<sup>7</sup> *Dimensions of Soviet Economic Power*, op. cit., p. 365.

<sup>8</sup> *SSSR v tsifrakh v 1963 godu*, p. 195.

<sup>9</sup> *Narodnoe khoziaistvo SSSR v 1962 godu*, p. 521.

<sup>10</sup> *Izvestia*, July 23, 1963.

<sup>11</sup> *Ekonomicheskaya gazeta*, July 6, 1963, pp. 16 and 17.

lation (Group B). However, Group B excludes some important categories of consumption. It does not account for the total food supply, but only for processed foods, and thus fails to include such items as potatoes, fresh fruits, and vegetables sold through state-owned stores and kolkhoz markets, as well as large amounts of food consumed by rural families. In addition, it excludes housing and services which also must be considered part of consumer welfare. In brief, I want to point out here that the reader must be aware of the pitfalls of analysis built on relationships between Group A and Group B industries; that Group B applies to consumer production in a general sense only, and that it should not be equated with "light industry," which in Soviet statistics comprises (with a few minor exceptions) textiles, clothing and footwear only.

Professor Turgeon goes to considerable pains to emphasize that, contrary to popular opinion, the priority assigned to light industry in recent years has actually been lower than it was in the early 1950's. I agree, of course. The data show that the share of total output provided by Group B industries has been declining steadily for many years, from 31 percent in 1950 to below 26 percent in 1963,<sup>12</sup> and that by 1965 it is to be even lower. I see nothing but support for my thesis in these figures. In spite of Khrushchev's many promises to the Soviet people and the consequent rise in consumer expectations, the consumer targets have not been fulfilled, and there are no indications that they will be met in the immediate years ahead.

**T**he slowdown in Soviet economic growth is undoubtedly related in some degree to reduced flow of new entrants into the labor force. However, a more pertinent factor is probably the reduction of working hours during

the period 1956-61, when the work was reduced from 48 to 41 hours;<sup>13</sup> this change clearly had a dampening effect on levels of production in some industries.

Actually, industrial employment increased faster in the period 1959-62 (3.8 percent) than it did in the two previous years (3.2 percent), despite the small increases in the total labor force during that time.<sup>14</sup> But in 1963 the industrial labor force grew at an even lower rate (2.5 percent), which tends to put in question Professor Turgeon's prediction that it would expand in the last two years of the plan.

Furthermore, I doubt that the economic slowdown of the early 1960's was as predictable as Professor Turgeon implies. While the decline in the birth rate during World War II, has long been a well-known fact, Professor Turgeon ignores the technological progress that has taken place since then. Labor-saving innovations, in particular, may have compensated, or more than compensated, for the declining number of entrants into the labor force.

Professor Turgeon suggests that there is a strong possibility of a speedup in the production of consumer goods as well as a general upturn in the economy in 1964-65. I fail to see how he can support this position. In fact, the basic data in his Table 1 hardly confirm the speedup which he implies has been anticipated and planned for by Soviet officials. The average annual growth of Group B industries during 1958-63 was 7.1 percent; that planned for 1964-65 is 7.0 percent, indicating no acceleration at all. All of which means that in many branches of light industry the USSR will do well to maintain the rates of growth so far attained in the Seven-Year Plan.

In a further attempt to support his prediction for an upturn, Professor Turgeon suggests that Soviet officials, anticipating a larger

work force, have planned greater capital investment in the consumer industries. Actually, the 53 percent increase in light industrial investment planned for the two-year period 1964-65 is no higher than the planned investment for the previous several years, which has been badly underfulfilled. Moreover, the announced investment plan includes only centralized investment, which does not represent the total investment in this industry. Total investment in light industry (including both centralized and non-centralized) in recent years has grown only slightly, as I have explained and shown in my article. There is scarcely any reason to believe that the new plans will be carried out any more successfully.

Finally, the ratios shown in Professor Turgeon's Table 2 tend to be misleading, unless their relative weights are indicated. A breakdown of retail sales of consumer goods through the networks of the state-owned and cooperative stores (and this includes all but the kolkhoz markets) would show that, of the total goods sold in 1962, foodstuffs made up 56 percent; textiles, clothing, and footwear, 30 percent; cultural and sports goods, 9 percent; furniture and small household furnishings, 3 percent; and household appliances (including radio and TV), 2 percent.<sup>15</sup> The high increases in consumer durables, which are often singled out as indicators of better Soviet living standards, fall in the category which claimed the smallest share—only 2 percent—of sales to consumers in 1962.

In summary, I concur with much of the commentary of some of my critics, and I acknowledge certain limitations in my article. However, in my view, the criticisms have in no substantial way invalidated my original thesis, which is that Soviet consumer expectations, stimulated by repeated official promises, have been underfulfilled in the past few years and are not likely to be satisfied in the immediate future.

<sup>13</sup> *SSSR v tsifrakh v 1963*, p. 76.

<sup>14</sup> Congress of the United States, Joint Economic Committee, *Annual Economic Indicators for the USSR*, p. 49.

<sup>15</sup> *Narodnoe khoziaistvo SSSR v 1962 godu*, p. 521.

<sup>12</sup> *Izvestia*, Oct. 14, 1960.



# Correspondence

**EDITORS' NOTE:** *Readers are welcome to comment on matters discussed in this journal. Letters should be addressed to the Editors, Problems of Communism, US Information Agency, 1776 Pennsylvania Ave., N.W., Washington 25, D.C. (Please note: Subscription orders or inquiries should be addressed according to instructions on the front inside cover.)*

## ON COLONIALISM

TO THE EDITORS: In his commentary on the subject of Soviet colonialism (January-February 1964), Mr. Moraes stated that the fine distinctions between British colonialism and Soviet communism count for little with the colonial victim, since his (or her) plight is similar to that of the toad beneath the harrow. I am afraid that Mr. Moraes has missed a fundamental point of difference in trying to draw fine distinctions. For basically there can be no comparison between liberalism and totalitarianism. It is certainly true that some of our finest spirits like Gandhi and Nehru were imprisoned under the British dispensation. And Bertrand Russell was also imprisoned in England. But the point worth stressing is that while these men were physically imprisoned, their minds were free. These prisoners have not only made notable contributions to prison literature, but their works had an impact on the Establishment. Surely one cannot conceive of any prisoner of Uzbekistan who could successfully register

a similar protest against the Establishment in Moscow.

Viewed in perspective, the British approach to Indian problems emerges as a sequence of continually shifting perspectives of liberalism. It is this tradition which resulted in the transformation of the British Empire into the Commonwealth of Nations. The philosophical foundations of such a transformation were laid by a body of political thinkers with Burke at their head. Indeed, the priceless legacy of political wisdom which Burke transmitted to posterity in his double capacity as a liberal statesman and political philosopher has inspired and shaped the liberal forces of the Asian Revolution of the mid-20th century. The American philosopher William James wanted a moral equivalent for war. It is tempting, therefore, to conclude that the Commonwealth, as an empirical solution to the problem of partnership in different spheres as it has evolved through the decades, is undoubtedly the liberal equivalent for the imperialism of the past era.

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## KHRUSHCHEV'S POWER

TO THE EDITORS: For the record I wish to point out that Professor Griffith, in his letter published in the May-June issue of this journal, attacks a thesis I never propounded. My article (*Problems of*

*Communism*, Sept-Oct. 1963) does not rest on the proposition that since 1957 Khrushchev has had to engage in battle against an out-and-out "conspiracy" aimed at his overthrow. What I did do was offer evidence showing that conflict has occurred over his powers as leader as well as over various aspects of his policy. The activity of the "anti-party group" and the disputes over resource allocation were offered as prime cases in point. Professor Griffith does not dispose of my thesis with his argument that Khrushchev's retention of the leading position over the years shows how unchallengeable that position is. In fact, he skirts the main question. That question is whether the evidence of conflict in the Soviet party since 1957—as far as I know, no one says there is none—has any appreciable bearing on Khrushchev's leadership, and whether it tells us anything about the scope and extent of his power.

Professor Griffith's letter appears to offer a truly radical counterthesis, namely: Khrushchev's power after June 1957 became so complete that no one in the ruling group would or could offer resistance to his purposes. If true, this would be a remarkable achievement when we recall that Stalin succeeded in gaining equivalent power only by instituting a regime of terror. Even as late as 1934, long after Stalin had routed his opponents and piled up massive powers, Kirov and others joined in an effort to restrain him. (This conclusion, incidentally, has been drawn through careful inferential analysis