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PART I

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I

IS THERE POVERTY IN THE SOVIET UNION?

The problem of poverty has over recent years remained a subject of debate throughout the world. The governments of richer countries express continuing concern about it, while the poorest countries, where dire need is common, are objects of intensive study. The fact that the population of the world is now wealthier than it has ever been, means that the plight of those who have fallen behind is more obvious. Governments in a position to help feel a greater compulsion to do so. Nevertheless, some types of poverty seem well-nigh intractable, and destined to burden mankind for decades, if not generations, to come.

A glance at some 'basic indicators' of poverty by the World Bank reveal the enormity of the gap between rich and poor.[1] Of the 125 countries listed, 38 of those categorised as 'low income' had a per capita Gross National Product of less than a dollar a day; all 18 'industrialised' and 'capital-surplus oil exporting' countries were, by contrast, all in the 9 to 40 dollar range. GNP is not a particularly good indicator of personal well-being, but it is very convenient for purposes of comparison. We may note at this point that the Soviet-type states of East Europe were in the 5 to 15 dollar range.

Although many people in the world are obviously poor, views on where the threshold of poverty lies vary greatly. In the poorest countries only a small minority of the population may be above it, but even the richest countries harbour a poor. Rich governments usually maintain units for monitoring poverty in their own societies, and run expensive systems of social security to help the needy. While poverty in the poorest countries may be 'absolute', and life-threatening, that found in more fortunate lands is best thought of as

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relative deprivation against a respectable mean. We commonly find situations in which groups at the bottom of the income scale in one land are rich beyond the wildest dreams of average, or well-to-do citizens in another. By and large, defining poverty is easiest when the condition is acute.

Given the great variety of poverty situations, it is expedient to preface our study of the situation in the USSR by considering two extreme types, on the safe presumption that such poverty as exists there may be located somewhere between them. In the report just mentioned, an *absolute* poverty line was set at the 45th percentile of per capita income distribution in India, a country already fifteenth from the bottom of the listing (Bangladesh, Ethiopia, Nepal, Burma and Vietnam were the largest states below it). Four dominant characteristics were distinguished in poverty of this type. The first and pre-eminent was nutritional difficulty.[2] Generally, the poorer people are, the greater proportion of their income goes on food; those in absolute poverty may use up the equivalent of 80% or more for this purpose. There is an unhealthy reliance on starchy foods (mainly simple grains), and a deficiency of protein, vitamins and other nutrients. Malnutrition, the impairment of physical or social functions, and easy vulnerability to famine are commonplace. The second problem is that of health. Poor people in undeveloped countries often live in primitive conditions, and lack facilities for basic personal hygiene. Public health standards are low or non-existent, epidemics are common, age-specific death rates, particularly among infants, are high, and life-expectancy is limited.

Thirdly, there is commonly a problem of high fertility since socio-economic restraints on family size are few, and contraception is unavailable or unwanted. Rapid population growth need not necessarily be bad in certain circumstances, but once an optimum level has been surpassed, it may well generate poverty. There are more mouths to be fed, and more children requiring care and attention. Mothers have to leave productive work for appreciable periods, clothing and shelter become more difficult to provide.

The fourth major problem is education. It would seem that the worst aspects of poverty may be alleviated, at least in the long run, by equipping people with the skills they need to help themselves, beginning, of course, with reading. This opens their minds, not only to more effective methods of food production, but also to improved hygiene and birth control. Indeed, in the broadest sense, education

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may be regarded as *the* ultimate factor in poverty control. It must, however, intermesh with progress on other fronts. There is no point in teaching a child to read if there are no books or newspapers in his village, or technical appliances with which to use the knowledge gained.

The popular response to extreme poverty conditions varies. Feelings of apathy and hopelessness may alternate with fierce resentment. Most governments have come to regard it as shameful. Explanations are invariably sought in political theory (with exploitation as understood by Marx, common amongst them), but more subtle analysis may implicate traditional cultures, the abrasive policies of the world's economic giants, or inadequate local resources, etc. Philosophical justification may be sought in teachings on the ephemeral nature of wealth, and the over-riding importance of spirituality.

Poverty in the richer lands inevitably assumes quite different forms. Life-threatening deprivation is virtually unknown; the main problem is not so much an overall absence of the means of sustenance, as one of 'unfair' distribution. The definition of a poverty line, or threshold, becomes ever more complex. In countries where there is a relatively open press, it may also be a matter of considerable public debate.

The USA, with a per capita GNP of 9,590 dollars, offers an exemplar of 'industrialised' poverty. It became a matter of major concern in the early sixties, when the US Council of Economic Advisors adopted the general rule that families with annual incomes of less than 3,000 dollars should be considered to be 'in poverty'.[3] This figure alone illustrated the gap between American poverty and the varieties experienced in undeveloped countries. This definition was soon superseded by another, in which the core element was the cost of a food plan considered by the Department of Agriculture to be nutritionally adequate within national eating patterns. Non-food costs were estimated on the basis of a 1955 Food Consumption Survey at twice those of the food basket for families of three or more, so food was to absorb one-third of family income. A higher multiplier was used for one and two-member families. Since 1964, the Statistical Abstract of the United States has regularly carried basic tables on the number and characteristics of 'poor' families.[4] As for the relationship of poverty to average well-being, the 1964 threshold for a four-member family came out at 42% of median family income. By 1979 the figure had fallen to 32.8%, and by this measure 11.6% of the population was recognised as being in poverty. It is not surprising, given the

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approximate nature of these statistics, that considerable variations were proposed around them. By 1983 certain changes in categorisation, and adverse economic conditions, had raised the proportion of people so registered to 15.2%; but estimates of the contingent then ranged from 35.2 million to 23.7 million, depending on how the major forms of state assistance – food stamps, medicaid, and public housing – were assessed.[5]

Beyond the matter of costing, deficiencies in nutrition, clothing and housing remain, of course, central to the poverty situation in the USA, but are assessed with regard to the supplies and services normally available in the social context. The poor tend to be slum dwellers, and lack adequate medical provision, social hygiene and sanitation, which leads directly to poorer health patterns. Transport may be a problem for them in both urban and rural environments, especially if fares are not publicly subsidised. Thus it was found that the largest family expenditure amongst the American rural poor in 1973 was on transportation, which absorbed no less than 29% of income. The poor are less likely to observe local norms of school attendance, obtain training, or enjoy average job opportunities. Hence the common correlation between family poverty, low-paid, unprestigious jobs and unemployment. Work problems and deficient socialisation would seem to explain higher than average rates of involvement in crime. Immigrants from other lands, Negroes, Hispanics and native American Indians are prominent amongst them, or to put it in another way, certain ethnic groups have significantly higher poverty rates than the American whites. The poor tend to predominate in certain states, large cities and rural areas; but in terms of absolute numbers, urban poverty comes to predominate over rural poverty.

The fact that the poor are a minority, and eligible for well-known types of national or local assistance, means that they have come to be regarded as a group apart, with its own subculture, needs and responses. They endeavour to make their plight public, and gain some influence in national policies through the media or recognised political channels.

There would seem to be little doubt that the Soviet Union has its own poverty problem. Although it fits into the richer end of the spectrum (with a per capita GNP of 3,700 dollars per annum, or just over ten dollars a day in 1980) its large heterogeneous population and uneven pattern of economic growth would seem to make some degree of poverty well-nigh inescapable. One would expect Soviet

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poverty typically to resemble that of industrialised lands, but with its own national and societal peculiarities. Soviet reality in fact supplies much evidence to support this contention. We shall begin our consideration of it with a brief review of living standards, insofar as they can be perceived since the October 1917 Revolution. The story of poverty in twentieth-century Russia still awaits telling in a detailed and systematic manner.

LIVING STANDARDS FROM LENIN TO BREZHNEV

Before the onset of the First World War at least two-thirds of the population of Russia were peasants, living mostly in primitive conditions. The working class was poor, even by Western standards, and many of its members retained strong ties with the land. A contemporary, but very approximate estimate of the per capita national income in Russia in 1913 was 414 dollars, as against 1,548 in the UK and 2,063 in the USA.[6] Thus it may be said, without belittling economic progress of previous decades, that poverty was both common and severe. Only the most favoured sections of society escaped it.*

The war itself involved enormous losses of life, property and territory and greatly exacerbated economic difficulties. The Bolsheviks came to power with an ambitious programme of measures designed to ensure social justice and improve the lot of the poor, both in town and village. But the Red Terror, Civil War, crude redistributive policies and the famine of 1921 prostrated an already poor country. Industrial production fell by half, and agricultural output by at least a third. Hyperinflation rendered the Bolshevik guarantees of a minimum wage and social security (at least for state workers and employees) virtually meaningless. By the spring of 1921 the Bolshevik leadership was forced to the realisation that its initial economic policies had been disastrous. The efforts to banish 'capitalist exploitation' had all but destroyed the wealthier classes without benefiting

* The difficulties of generalising on income and consumption levels (not to mention the problems of international comparison) prevent firm conclusions, and much of the data we shall give here is indicative only. The principal information gaps, from the early twenties at least until the mid-fifties, include (1) the absence of reliable official statistics (2) the Soviet-specific patterns of expenditure (with high-cost clothes, low-cost housing, 'free' education, etc.) (3) the difference between legal, 'free' and black market prices (4) the absence of a proper measure of inflation (5) the absence of figures for the distribution of incomes and (6) the large, and partly impenetrable peasant economy.

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more than a tiny proportion of the poor. The Tenth Party Congress, held in March 1921, brought the inauguration of the New Economic Policy, or NEP, which implied a more conciliatory attitude towards the 'middle' and 'rich' peasants (or kulaks), a modest restitution of private enterprise, and palpable relaxation of political pressures.

The twenties, by and large, were a period of restoration and growth. Economists who have delved into the relevant statistics maintain that by about 1927 both agricultural and industrial output had regained their pre-war levels. This implies that living standards had done the same; but from a Western standpoint the Soviet Union continued to be a very poor nation. The International Labour Office statistics on the purchasing power of wages in terms of food, which are perhaps the best available, showed that by this time the average Russian worker earned about one half of the UK, and a quarter of the USA rates respectively. These proportions probably exaggerated the well-being of the Soviet people as a whole, because wages in Moscow (on which they were based) were higher than in the provinces, and workers were better off than peasants.

Given all the unknowns, changes in the *distribution* of income are even more difficult to estimate. It is, however, clear that the dispossession of the 'exploiters' left no condition of equality. A new differentiation was early promoted in workers' wage scales, so as to reflect output, skill and the economic importance of any particular job. At the same time the vagaries of location, climate and effort ensured considerable differentiation among the peasants.

During their first decade of power the Bolsheviks changed the social composition of the poor, subtracting some elements and adding others. In the countryside, the richer peasants fled, taking their expertise with them, while some of the poorest benefited from association with the new regime. But Party influence was extremely limited and most peasants' daily lives were not, as yet, profoundly affected by the administrative and titular changes going on above. Official policies undoubtedly had more impact in the towns. Many workers were advanced to positions of administrative trust and responsibility, while the condition of others was alleviated. The ranks of the urban poor were, however, swelled by numerous families from the former 'exploiting' classes, families which had lost their earners in military action, war invalids, orphans and many others. There are still people alive in Russia who can tell lurid tales of those years. An old lady once related to us how she and her family, who had been mildly affluent

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before the Bolshevik take-over, were twice evicted from their home, and found themselves without shelter in the street.

The abandonment of NEP, accelerated industrialisation, and the enforced 'collectivisation' of agriculture which Stalin promoted after 1928 brought even more widespread social change. The years up to 1939 saw the working class grow (according to Soviet estimates) from around 12 to 33 million, mostly as a result of immigration from the villages. The white-collar workers, or 'employees', increased as a social group from 9 to 30 million. Over the same period the peasantry and the associated group of individual 'craftsmen' shrank from about 117 to 85 million, and was confined almost entirely to the new collective farms and cooperatives. Private enterprise (apart from peasant cultivation of private plots) was almost entirely suppressed. In December 1935 Stalin made his famous speech declaring that the exploiting classes had been finally vanquished, and that the era of 'socialism' had begun.

The 'Great Change', as it was called, had highly deleterious effects on living standards and inevitably intensified poverty. Industrialisation meant emphasis on heavy industry and neglect of consumer goods. The working conditions of the masses deteriorated. The rapid enlargement of the urban population created demands for housing which were simply not met. In the countryside, many peasants killed their livestock and/or destroyed their implements, rather than surrender them to collective use. The kulaks (often the most competent families in the village) were finally 'suppressed'. There was a sharp fall in agricultural production, and another famine which took years to overcome. Estimates of real wages show that (despite a possible late improvement) by the end of the decade those of the Soviet worker had fallen by between 20% and 50% against 1928.[7] Agricultural output is thought to have risen by about 15% over the same period, but the notorious system of 'obligatory deliveries' and state taxes deprived the peasant of benefit, so his income lagged significantly behind that of workers and employees. As for the international dimension, ILO figures suggest that by 1937 Soviet workers were earning only about a quarter as much as their British counterparts, and less than a seventh as much as Americans.

Renewed emphasis on income differentiation widened the gap between rich and poor. The social security benefits, though real enough, were meagre, and the post-revolutionary concept of a minimum wage was ignored. The ranks of the urban poor were swelled

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by migrants, mainly young men, from the countryside. The peasants in the villages found themselves working harder for a smaller return. The prison camp population, following the 'wrecker' trials of 1929 and the purges of the mid and late thirties, is thought to have risen to something between 3 and 7 million. Conditions in these establishments often amounted to slow death by overwork, starvation or exposure. A former inmate, for example, who spent twelve years in Siberia, told us that she and her workmates survived only by eating some of the more digestible food supplied for the animals in their care.

The Second World War, which the Russians entered only after the German attack of June 1941, dealt another devastating blow to living standards. Between 1941 and 1942 the invaders occupied territory up to a line stretching from Leningrad to the Northern Caucasus. The industry left in areas under German rule seems to have come to a virtual standstill, and there was a catastrophic drop in agricultural production. Official sources claim that 70,000 villages and hamlets, together with a large proportion of the urban housing stocks, were destroyed. The direct population losses alone are thought to have amounted to at least 20 million souls. To talk about 'living standards', let alone 'poverty', in such circumstances is almost meaningless. However, by 1948 recovery was well under way, and estimates of the real wage for that year vary between 45 % and 60 % of the 1928 figure. The next few years saw further improvement, and by 1954 comparable estimates ranged from 80 % to 124 %. Agriculture (which may serve as a rough measure of peasant income) may have regained its 1940 level by the beginning of the fifties. The ILO indices showed Soviet workers' purchasing power in 1951–2 to be 28 % and 18 % of that of the British and American workers respectively.

The components of the poverty life-style were no doubt much the same as had developed after the Revolution – frequent food shortages, scarce, low quality consumer goods, high prices, long queues, inadequate housing etc. But the social composition of the poor changed again. The urban poor became more numerous as urbanisation proceeded and the peasantry was syphoned off for non-agricultural labour. The losses of men in military operations, and the mass imprisonment of returnees, meant once again that many families were reduced to one-parent status, and many children orphaned. Invalids were an all too common sight. The movement of younger people to the towns meant that the village was left with a larger proportion of

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