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LOANS FOR PRIVATE HOUSING STOPPED

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II. Soviet Target: Fifteen Million Flats
(World Today, October 1960)

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Introduction

Most inconspicuously, in the midst of a long article devoted to the evils of private property, Izvestia (16 October 1960), has announced a substantial and retrograde change in Soviet housing policy. The private loans to individuals for the construction of houses and dachas in towns and workers' settlements have been stopped, Izvestia reports.

"In accordance with suggestions made by the working people, the building of individual dachas and the development of individual plots is henceforth considered to be inexpedient."

This withdrawal of state aid would appear to be socially reactionary in at least two respects. In the first place it will certainly make fulfillment of the housing plan more difficult, apparently for no better motives than orthodox communist ideology can supply. Secondly it is true even now that the wealthier citizens probably account for the bulk of new building in the private sector (see Background Information, December 22, 1959, "Action Against the Property Boom"), because a one-room prefab does not usually cost less than about 10,000 rubles.

In the past it was possible to get a 10-year loan covering 50% of the cost,¹ but the other 5,000 rubles constituted the down payment, which was out of reach of the average Soviet worker. The industrial wage is usually in the 700-800 rubles a month range, and in many cases more than half of this is spent on food.

However there is no sign in the Izvestia article that the purchase of houses by those fortunate enough to be able to finance them out of their own pocket is to be stopped, although the pious hope is registered that dacha-owners will eventually cease wanting to maintain their properties when, in the distant future, enough "public dacha-zones" and pensions have been provided. The author of Izvestia's article seems to be blithely unaware of the contradiction involved in speaking of a "public dacha-zone". After all, the great attraction of a dacha to thousands of the Soviet new class is not merely that it eases the housing problem, or provides a source of extra income, but that it is private.

¹Conventional houses attracted a 7,000 ruble loan at 2% interest with 7 years to pay.

Incidentally, Izvestia's author (N. Chumakov) also purports to believe that when the universal taxis proposed by Khrushchev (see Background Information, March 2nd, 1960, "Soviet Road Transport") finally becomes available to all, motorists will no longer want to be "bothered with" (voztit'sya s) their private cars. The new class must have read his article with considerable anxiety, because this same Russian verb has been used for several years past in the Kremlin's attempt to talk the kolkhoznik into surrendering his private cow.

It would be premature indeed to predict the long-term outcome of the eventual clash between the private-ownership instinct and Khrushchev's collectivist ideology. On the whole, the odds would seem to be heavily loaded against Khrushchev. For example Izvestia has recently started a "consumer's advice" column entitled "The Buyer Examines..." which devotes itself to telling the new class the best make of washing machine to buy.² A whole factory has been adapted, reequipped and put into production to deliver a Soviet imitation of the Volkswagen, which is called the Zaporozhet (see Background Information, November 7th, 1959). This plant has not yet begun to make deliveries on a large scale, but its plans are ambitious by Soviet standards. Finally the virtual absence of other satisfactory investment outlets make it seem inevitable that as long as the outlook is not hopelessly bleak the new class will continue to invest much of its surplus cash in the property market. The ominous articles in the press seem more likely to delay the private building boom than to stop it.

r.r.g.

²13th October 1960.

World Today
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NOT TO BE MICROFICED

The building industry in the USSR has come a long way since the break with the Stalinist tradition of construction on a monumental scale was officially announced in 1955.¹ The aim now is to eliminate the shortage of housing in the next ten to twelve years. This is a formidable task. For many years after the revolution housing was the Cinderella of Soviet industry. During the war 1,700 towns and urban districts and 70,000 villages were destroyed and 25 million people rendered homeless, while the urban population has increased more than threefold in the last thirty years.

The most important step in the implementation of this task has been the decree on housing construction published on 2 August 1957.² This severely criticized the building industry, which, it said, was badly organized, mainly in small units, and unable to utilize the State funds allocated to it. The decree expressed the hope that the reorganization of all industry into economic regions would be conducive to greater efficiency in building as well. The State funds available for building were to be increased over the five-year period 1956-60 by 78 milliard rubles and the plans for both State and private building revised accordingly. The decree promised increased assistance to private builders and encouraged enterprises to build housing for their staffs by utilizing for this purpose a large proportion of funds accruing to them for overfulfilment of production plans. In rural districts the decree urged the creation of collective farm building units and inter-collective farm building enterprises which could produce some of their own building materials.

The project of the Seven-Year Plan, published in November 1958,³ envisaged an even more rapid development. The State funds available were to be increased by some 80-83 per cent compared with the previous seven-year period, and the output of the building industry was to be roughly doubled. Finally, in June of this year, the first All Union Congress of Town Planners took place in Moscow. It was addressed by Kucherenko, Chairman of the State Construction Committee.⁴ He maintained that the USSR was now building more housing units per year than the USA, Britain, France, West Germany, Sweden, Holland, Belgium, and Switzerland combined. The rate of building is now 14.9 housing units per 1,000 inhabitants per year. He reaffirmed the decision of the Twenty-first Party Congress to build 15 million flats in the course of the Seven-Year Plan, i.e., during 1959-65.

At the present time urban construction is financed and directed in three principal ways, by local authorities, industrial enterprises and ministries, and from private sources. Such co-ordination as exists between these three methods is very imperfect. The town council controls private building to a certain extent by allocation of building plots, but apparently these can be subdivided by the original owner without the authorities' consent. Nobody seems to be responsible for the provision of approach

¹See "Troubles on the Building Front in the USSR", in The World Today, January, 1956.

²Pravda, 2 August 1957.

³Pravda, 14 November 1958.

⁴Pravda, 8 June 1960.

roads, sewerage, or water and electricity supplies on private building estates. Enterprises build their housing estates on the land they own, and provide the services themselves, or link them with the town supplies. According to the Soviet press, this is also a frequent cause of friction and inefficiency. It is a fact worth noting that the present Town Planners' Congress was the first of its kind in the Soviet Union. In the course of it mention was made that out of 331 towns in the Ukraine, for instance, general plans exist for only 187 towns, and have been confirmed for 136 towns. Most town plans are worked out in centralized institutes and frequently ignore local climatic and topographical conditions. The Congress urged that planning should be transferred to the localities, that chief town architects should be appointed in all towns, and that all building funds should be concentrated in the hands of local authorities.

The impression prevails in the West that nearly all housing in the Soviet Union is constructed by the State. Soviet emphasis on the low rent charged for such housing (it accounts for some 5 per cent of a worker's income) fosters this belief. In fact, however, the private building sector is very large. Nearly all collective farm dwellings, housing about half of the Soviet total population, are privately built and owned. New building is assisted by loans of money from the collective farm funds and help with materials and labor by the farm management, but such help has to be repaid over a period of time. The collective farms also often build their own schools, hospitals, and old peoples' homes. In addition, according to the Seven-Year Plan, private building in the urban sector and on State farms should account for one-third of all building in the 1959-65 period.⁵ Some of this, particularly in rural districts, would be done by the owner himself with the help of family and friends, but voluntary building associations were also to be encouraged. One type was the building cooperative in which members contribute work and money and the resulting houses are held as cooperative property, and another is a looser association - the building collective - in which flats built with members' labor and funds become their own individual property. In both cases the preparation of the site is carried out at the cost of the enterprise in which the members are employed.⁶

It seems at first sight strange that, in spite of the negligible cost to the tenant of State-built accommodation, such a large proportion of housing should be privately built and owned. The main reason is, of course, that there is not enough housing to go round. In 1958 it was confidently expected that by 1960 the allocation of living space per person would rise to 9 square meters, but at the Town Planners' Congress it was stated that some local authorities were still allocating 6 to 7 square meters per person. Another important inducement for private building is the fact that it is the only outlet, other than savings banks, for investment, which is becoming more important with the increasing money wages. Building for anything but occupation by the owner is considered definitely 'anti-social', but the Soviet press continually features articles about houses being built and let at exorbitant rents, particularly in suburbs and resorts, by people who already own other houses or occupy State-owned flats.

⁵Partiinaya Zhizn, No. 15, 1958.

⁶Sovetskoye Gosudarstvo i Pravo, No. 3, 1958.

It is, however, obvious that a great qualitative revolution in housing is taking place. The clearest indication of this is that the target is now '15 million flats' in seven years and not '600 to 650 million square meters of living space.' Moreover, while in 1955 most of the houses built consisted of large flats of two, three or four rooms, designed for occupation by several families, the vast majority of modern flats are at least designed for single-family occupation. Much more attention is paid to town planning, including the development of micro-districts and satellite towns, and, for the first time, there is talk of the need to undertake demographic studies in various towns to determine the kind of living space to be provided.

The individual flats, it is true, cannot be called luxurious. The Minister of Construction, addressing the Town Planners' Congress had to reject the proposals for lifts in four- or five storey houses, larger kitchens and halls, waste disposal chutes, and the elimination of passage rooms: their adoption, he said, would decrease the plan by 1 million flats.

Elsewhere,⁷ the necessity for passage rooms is justified on two grounds. First, they improve the 'coefficient' of living space to total space, by which the plans are judged, and secondly they make it difficult for the local authorities to put two unrelated small families into a single-family flat. Difficult perhaps, but not impossible. Investigation has shown that 4.4 per cent of single-family flats are still shared and that they house 9 per cent of all families in such flats. The target of one room per person by 1975 seems rather remote.

⁷ Literaturnaya Gazeta, 9 June 1960.