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NO LIGHT ON WAGES (II)

For the newspaperman in Moscow no less than for the specialist in the West the determination of the level of average wages of workers and employees in the Soviet Union remains a matter of uncertainty because of the lack of statistical data.¹ Although the figure of 790R per month for 1958 has been derived from the simple calculation that the 1965 planned target is 995R/month, an increase of 26% over the 1958 level, the absolute figures have appeared only once - in an English Tass transmission on 14 November 1958. Despite the fact that 17 million employees have already been placed under new wage and salary schedules and another 13 million will be affected this year, there has been relatively little information concerning these changes which - by the end of 1960 - will have involved more than half of the 55 million people drawing their income from the state wage funds. It is clear, however, that a major objective of the wage reform is to raise the earnings of the large numbers in the lowest income groups - the millions of bread-winners who have, even during the post-Stalin period, struggled to keep themselves and their families alive on the minimum wages of 225-325R month. According to a conservative estimate² the September 8, 1956 decree raising these minima must have involved 10 million employees whose income in 1955 was still less than 3,700R/year; and 19 million more wage earners fell into the next category with a maximum of 8500R/annum. Thus, in 1955 approximately 60% of Soviet employees were receiving 700R per month or less.

It is useful to keep such figures in mind when Khrushchev - and other speakers - at the December plenum express concern that the "earnings of collective farmers...in some regions even exceed workers' wages."³ The remedy suggested for this "injustice" to the "leading force in our (Soviet) society" is, in Khrushchev's words, quite simple:

"Payment for collective farmer's labor must not outstrip the wages of workers in a given district or region."

¹ Le Monde, 5 January 1960; see below pp.1-4, also "No Light on Wages", Background Information, 5 January 1959, "Average Wages - Enough to Eat (I-V)", Background Information, Feb. 17, 1958, March 3, 1959, July 30, 1959, 2 November 1959, 17 December 1959.

² N. Jasny, The Soviet 1956 Statistical Handbook, East Lansing, 1957, p. 172.

³ Pravda, 29 December 1959.

There was, obviously, on the part of the First secretary no attempt to create the illusion that the majority of collective farms are now in a position to compensate their members with income comparable even to the low average of state employees. Nevertheless, the need to forecast an impending position of maximum wages for the kolkhozniki, just emerging from the abject poverty caused by decades of Stalinist exploitation, is a reminder of how low average wages in industry really are. Moreover, although as a result of the post-Stalin agricultural price rises - September 1953 and July 1958 - an ever increasing number of collectives have considerably improved their financial position, there is evidence available that average kolkhoznik earnings - in money and kind - have, even in the record harvest year of 1958, not yet reached the revised minimum wages in rural areas - 270R/month. From the data and estimates prepared by N. Nimitz⁴ the following values for labor-day values can be calculated (in current prices):

000 million rubles	1952	1957	1958
Total Value of Labor Day and payment in kind	47.5	83.8	94
Total Value of Labor Day in money	12.4	44	52
Total Value of Labor Day in kind	35.1	39.8	42
Average Value of Labor Day in money (R) ⁺	1.4	4.0	4.7
Average Value of Labor Day in kind (R)	4.0	3.6	3.8

⁺8,847 million labor days in 1952 - Narodnoye Khozyaistvo SSSR v 1956 godu, p. 140.

11,000 million labor days in 1956 ibid; the same figure is used for 1957/58

Since an able-bodied kolkhoznik in 1958 worked on the average 342 days,⁵ the total cash income received in 1958 from labor in the communal sector was only 1608R (134R month) and the monetary value of the payment in kind 1300R (108R), a combined monthly wage - in money and produce - of 242R/month.⁶

It would seem, at first glance, that such a low average figure for individual earnings in agriculture could scarcely

⁴See below pp.

⁵Narodnoye Khozyaistvo SSR v 1958 godu, Moscow, 1959, p. 503.

⁶See also "Kolkhoz Wages", Background Information, 24 July 1959.

represent a threat to the "worker-peasant alliance". To this must be added, of course, the income from the private plots of the collective farm peasantry, an indeterminate sum which would, at the very least, close the gap between the 240R per month and the several millions of workers who make up the extremely large below average income group of the Soviet labor force.

It would seem, at first glance, that such a low average figure for individual earnings in agriculture could scarcely represent a threat to the "worker-peasant alliance". To this must be added, of course, the income from the private plots of the collective farm peasantry, an indeterminate sum which would, at the very least, close the gap between the 240R per month and the several millions of workers who make up the extremely large below average income groups of the Soviet labor force. Thus, for this large part of the Soviet industrial proletariat and for their class comrades enjoying "worker" status as employees of the state farms,⁷ Khrushchev's concern is not entirely without foundation. In a single case, a more exact and concrete comparison can be cited:⁸

"The comparison of the monetary pay of the kolkhoznik with the earnings of the workers of the neighboring enterprises permits the correct evaluation of the material situation of the kolkhoznik. For example, in the artel "13 October", Moscow oblast, the average monthly earnings (zarabotok) of a kolkhoznik in 1957 was 646R which corresponds approximately to the average level of pay in the industrial enterprises of this district (raion)."

Much has been written on the subject of comparative Soviet and Western living standards, but to have compared the earnings of a Soviet worker to the pittance left to the exploited peasantry in his own country would have been an absurdity. Yet the mere emergence of the kolkhozniki from the lower depths of Stalinist poverty, not the attainment of even moderate prosperity, has been sufficient to provoke the spectre of a ceiling on monetary earnings of the peasantry. No data on Soviet wages - nominal or real - can provide a more striking and dramatic illustration of the living standards of Soviet society as a whole, than the officially admitted anxiety that a peasantry, impoverished and exploited for a quarter of a century to furnish the capital and manpower for industrialization, might be demonstrably "better off" than the working class.

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⁷ In 1955 the average wage of State farm workers in the Ukraine was 422R/month (Vestnik Moskovskovo Universiteta, 1957, no.2, quoted by R. Schlesinger, Soviet Studies, January 1958, p. 347).

⁸ T. Zaslavskaya; Guaranteed Monetary Pay in the Kolkhozy, Voprosy Ekonomiki, No. 2, 1959, p. 116.

LES AUTORITES SOVIETIQUES CHERCHENT A REDUIREL'EVENTAIL DES SALAIRES**NOT TO BE MICROFICHED**

Une réforme difficile à mettre en oeuvre

Le Monde

January 5, 1960

by Michel Tatu

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Moscou, 4 Janvier. --- Le problème des salaires en U.R.S.S. est un de ceux dont l'étude est la plus malaisée. L'Union soviétique reste un des rares pays au monde dont on ne connaît pas avec exactitude le salaire industriel moyen, et les plus récents progrès en matière de statistique ont laissé ce domaine inexploré: le dernier recueil de chiffres relatif à l'année 1958 contient tout au long de ses mille pages un grand nombre de renseignements inédits, mais toujours pas un seul chiffre, relatif ou absolu, sur les salaires et rémunérations. L'année 1959 a été pourtant marquée par un train de réformes sans précédent dans toute la période d'après guerre: plus de 17 millions d'ouvriers et employés soviétiques, soit un tiers des effectifs totaux, ont vu leur salaire "remis en ordre" depuis le début de l'année, et 13 millions d'autres seront englobés dans le mouvement d'ici à la fin de 1960.

En quoi ont consisté ces changements? Il est maintenant possible d'en esquisser un tableau d'ensemble, à partir des déclarations innombrables, mais souvent contradictoires, des intéressés, des maigres renseignements fournis par la presse et enfin des indications que M. Volkov, président du comité d'Etat du conseil des ministres pour les questions du travail et des salaires, a bien voulu nous fournir au cours d'un long entretien. M. Volkov, qui est en même temps membre du comité central du parti, député et vice-président du g. parlementaire, est essentiellement une sorte de "ministre du travail soviétique. C'est d'ailleurs bien à l'ancien ministère du travail, supprimé en 1931, qu'a entendu succéder le présent comité d'Etat, constitué seulement en 1955. Son premier objectif a été de remettre de l'ordre dans un système excessivement complexe.

Il faut croire que la tâche n'était pas facile puisque, aujourd'hui encore, le mobile principal des réformes est la simplification. Le nombre des échelons, barèmes, indices, dénombrés à l'intérieur d'une même branche industrielle dépasse le millier. Il n'est pas rare de voir des salariés gagner trois fois plus que leur salaire nominal par le jeu de primes et gratifications quasi automatiques, mais qui compliquent d'autant la tâche des comptables et statisticiens. En même temps il a fallu tenir compte des impératifs politiques et doctrinaux du moment, liés au "passage graduel au communisme et continuer à respecter les priorités -- industrielles et géographiques prévues par le plan. Compte tenu de tous ces facteurs, le mouvement

en cours se poursuit dans trois directions.

I. - Révision des normes et suppression de certaines primes.

Environ 70% des ouvriers soviétiques sont payés aux pièces, et il n'est pas question de renoncer au principe de l'intéressement du personnel à la production. Le succès du plan septennal dépend en grande partie de l'élévation de la productivité dans les installations déjà existantes, et les mesures prises pour la réduction de la durée du travail (la journée de sept heures sera générale en 1960, la semaine de quarante heures en 1962) exigent une hausse correspondante des rendements, donc des normes assignées à chaque travailleur. En principe les conditions particulières à l'entreprise comme les avis du syndicat local sont pris en considération dans chaque cas particulier. On se défend, au comité du travail et des salaires, de vouloir procéder à cette révision à coup de décrets. Cependant il semble que le mouvement n'a pas été sans provoquer de difficultés en certains endroits. La révision des normes a toujours été, psychologiquement et techniquement, une opération délicate, et les inévitables excès de zèle des bureaucrates locaux y sont particulièrement lourds de conséquences.

Au nombre des primes et gratifications supprimées figurent en premier lieu les primes d'ancienneté. Celles-ci subsistent encore aujourd'hui dans les branches industrielles traditionnellement déficitaires en main-d'oeuvre, comme les mines ou la métallurgie; mais partout ailleurs, et notamment dans une série d'administrations, les dernières primes d'ancienneté ont été supprimées au début de l'été: "Elles n'étaient plus nécessaires, expliquent les officiels, au recrutement et à la stabilisation des cadres." Très souvent, et surtout là où diverses primes entraient pour une grande part dans les traitements mensuels, les barèmes de base ont été relevés de manière que les revenus restent "à peu près inchangés." Mais il n'en a pas toujours été ainsi. Dans tous les cas le principe est maintenant bien admis que seule l'élévation du niveau de qualification, et non plus les années de service, donnera droit à avancement matériel.

II. - Hausse des bas salaires.

Le mouvement est lent mais régulier dans ce secteur puisque de 300 roubles auquel il avait été fixé en 1956 (on ne dispose d'aucun chiffre pour la période antérieure) le minimum légal en ville passera à 400-450 roubles par mois d'ici à 1962, puis à 500 ou 600 en 1964 (1). On ne possède évidemment aucune donnée officielle sur le nombre de personnes qu'intéressent ces promesses. Certes, comme l'affirment les autorités, celles-ci sont rares dans la grande industrie, mais le nombre considérable de petit personnel rencontré tous les jours partout ailleurs (balayeurs, liftières, "permanentes" de toutes sortes dans les administrations et hôtels) donne à penser qu'une importante partie de la population soviétique attend encore de l'avènement du communisme de substantielles satisfactions matérielles.

Il est certain cependant que de nombreuses entreprises ont augmenté leur personnel le moins payé sans attendre cette hausse légale. C'est ainsi que si la moyenne générale des salaires dans l'industrie chimique a augmenté de 12% à la suite des décisions

(1) 1 rouble = 50 francs. Bien qu'il s'agisse d'un minimum légal, les prévisions officielles citent toujours deux chiffres.

prises récemment par le gouvernement pour le développement prioritaire de cette branche, les bas salaires dans cette industrie, eux, ont augmenté de 50 à 60%. Dans l'ensemble c'est par ce moyen -- et aussi par la multiplication des services gratuits ou peu coûteux -- que l'on compte élever le niveau de vie général du pays, tandis que dans la période stalinienne les baisses de prix annuelles constituaient le levier principal. Le fait est que depuis 1955 les prix sont restés remarquablement stables et sont même plutôt en légère hausse si l'on tient compte de l'augmentation massive des prix de l'alcool intervenue en 1958: sur la base 100 en 1940 l'indice général des prix de détail agricoles et industriels était de 141 en 1958 contre 138 en 1957.

Il est probable que l'indice est descendu de quelques points cette année en raison de la baisse décidée au printemps sur certains produits industriels (bicyclettes, récepteurs, radio, etc.). Mais il est d'autant moins question de revenir à la méthode des baisses massives de prix que la demande est presque partout largement supérieure à l'offre et que les prix de revient sont encore élevés. M. Khrouchtchev a été on ne peut plus net à ce sujet dans ses réponses aux questions que lui lançaient ses auditeurs sibériens. Enfin la méthode des hausses progressives des bas salaires contribue à réduire l'éventail des traitements et convient donc mieux à l'image recherchée d'une "société sans classes."

III. - Réduction de certains hauts traitements.

Officiellement rien n'a été annoncé, mais les doléances émises par quelques intéressés et les déclarations des officiels eux-mêmes ne permettent guère de douter que des sacrifices ont dû être consentis. "Dans certains cas, bien sûr, des traitements excessifs ont été réduits," nous a déclaré M. Volkov. Les militaires, dont les soldes privilégiées avaient subi une amputation en 1956, ont été encore une fois les principales victimes du mouvement. On cite le cas d'un colonel dont la retraite a été réduite de 3,000 à 2,000 roubles au début de l'été dernier, et il est à peu près sûr que les traitements d'active ont été réduits dans la même proportion. Les ministres plafonnent à 7,000 ou 8,000 roubles, et moins encore dans les capitales républicaines. En revanche il n'a pas été touché, à notre connaissance, aux rémunérations plantureuses des académiciens, aux honoraires fabuleux des écrivains et des artistes, et encore moins évidemment aux très hauts salaires des industries-clés. On se borne à dire à leur sujet qu'ils "n'augmenteront plus." Mais on semble veiller plus encore que dans le passé à ce que ces traitements soient mérités et que les cadres n'en prennent point trop à leur aise avec les moyens de l'Etat.

A titre d'exemple mentionnons une des affaires les plus discutées de l'année, celle des voitures officielles, qu'une multitude de hauts fonctionnaires avaient pratiquement transformées, avec chauffeurs (payés par l'administration), en véhicules privés. La Zim ministérielle servait autant aux déplacements de service de monsieur qu'aux courses de madame et le dimanche à toute la famille pour aller à la datcha, en échange de quoi le "patron" fermait les yeux sur les menues courses "au noir" que le chauffeur se permettait pendant les longues heures de stationnement. Le tout naturellement avec les bons d'essence de l'administration. Des efforts ont été tentés pour mettre

fin à cette situation, tous les hauts fonctionnaires (à l'exception des membres du comité central et des ministres) étant invités à prendre des taxis spécialement affrétés à la journée, ou ... à s'acheter une voiture privée. (Deux lignes censurées)

Parallèlement à ces mesures d'ordre économique on cherche à accentuer la pression morale contre les possédants excessifs. Bien qu'il ne soit pas interdit d'avoir une datcha, une ou même plusieurs automobiles, on tient bien en effet à combattre une mentalité de propriétaire fort éloignée évidemment de la "conscience communiste." Là encore les intéressés ne semblent pas toujours bien voir où est leur tort, comme en témoigne cette magnifique réflexion adressée par un propriétaire -- à un feuilletonniste de la Literatournaïa Gazeta qui s'en était pris aux "accapareurs": "La population, en lisant votre feuilleton, montrera du doigt nos terrains et dira: voilà les nouveaux pomiechtchiki (propriétaires terriens)."

SOVIET AGRICULTURAL PRICES AND COSTSConcluding Section

By Nancy Nimitz
Comparisons of United States
and Soviet Economies

1959

The impact on income of recent trends (from 1953 to 1958) is the principal concern here. However, one fact which emerged from the review of earlier trends in section II is worth emphasizing: this is the pronounced decline between 1940 and the early fifties in the real payments received by collective farms producing food products. We tend to regard forced collectivization in the early thirties as the period of maximum demoralization of Soviet agriculture. So far as overt violence and acute suffering are concerned, this is probably true. But the big deterioration in economic incentives for the majority of farms came later.

On the eve of the price reforms described in section IV, the structure of relative prices strongly favored raw materials, and above all, cotton: in 1950 the three main cotton-growing republics (Uzbek, Turkmen, and Tadzhik S.S.R.'s) with 3 percent of all collective farm sown area and 4 percent of the on-hand households received 30 percent of collective farm money income. Wide variations in income existed not only between regions but also within regions: for this multiple pricing was partly responsible. Earnings for collective labor were low compared with income from private agriculture: in 1952 total cash distributions for labor-days were about one-fourth of private sector cash income from market sales alone. Cash payments for collective labor were not only small but unpredictable and deferred on most farms to the end of the year: from April to December many farmers worked for little or nothing. The bulk of the payment for collective labor -- about three-quarters in 1952 -- was in kind (grain, potatoes, vegetables, rough feed).

Between 1952 and 1958 collective farm money income increased threefold. The rise was due entirely to increase in receipts from sales to procurement agencies, and largely to the rise in the level of procurement prices. Because price increases were concentrated in food products, their impact on income of the majority of producers was greater than aggregate U.S.S.R. data suggest: while Uzbek-Turkmen-Tadzhik income increased by 40 percent between 1950 and 1956 (the last year for which complete income data by republics are available), the income of all other republics rose by 250 percent.⁸¹

⁸¹ Income data by republics from Ia. I. Golev, "Sel'skokhoziaistvennyi kredit v SSSR," M., 1958, p. 75

Increase in income was accompanied by significant changes in the structure of money outlays. Production expenses (row 9 in table 17) increased less rapidly than total income, despite the transfer of MTS machinery to farms; accordingly, the share of production expenses in total outlays declined from 30 percent in 1952 to 25 percent in 1958. The share of deductions to the investment fund (row 8) nominally increased from 17 to 22 percent; defined in comparable terms, however, this category increased at about the same rate as income.⁸² The lion's share of increased income went to payments for collective labor. Taking into account payments from investment funds in 1958, total labor-day payments rose from 12.4 to about 52 billion rubles, or from 29 to 40 percent of total money outlays.

The change in the level and structure of procurement prices resulted in a notable improvement not only in the size but also in the regularity and predictability of payments for collective labor. Higher prices for livestock products (which are delivered throughout the year) increased collective farm receipts in spring and summer months. In addition, procurement agencies began to pay advances on deliveries of food crops as well as raw material crops. Higher prices in general meant that farms began to build up cash reserves against seasons of low income. Consequently, most farms by 1958 were able to pay quarterly or monthly advances for labor-days worked. A minority had shifted to wages -- that is, full monthly payments at fixed rates for specific tasks or norms of production. Thus they abandoned accounting in labor-days (the only purpose of which is to divide up a fluctuating product). The introduction of single prices in 1958, by contributing to stability of farm receipts from year to year, will probably accelerate the trend toward payment of wages. The significance of this trend for labor productivity can hardly be overestimated. Under a wage system using piece rates, the relation between individual effort and reward is direct and certain. When payments are shares in an uncertain total, the individual incentive to intensify effort is negligible.

While money payments for collective labor increased fourfold between 1952 and 1958, the volume of payments in kind increased little if at all. Therefore, the share of cash in total payments rose (according to Soviet statements) to 48 percent in 1954, about 50 percent in 1956, 55 percent in 1957, and 58 percent in 1958.

⁸² The range of expenditures made from investment funds was enlarged in 1956 to include payments for labor-days worked in construction (formerly made from the regular labor-day fund) and repayments of long-term loans (formerly made from current income). Net of these two types of expenditures, allocations to investment in 1958 were close to the level of 17 percent.

Table 17.--Collective farm money outlays
from current income, 1952-58

(Billion rubles)

	1952	1956	1957	1958
1. Total money income.	42.8	(94.6 187.4	95.2	130.0
2. Administrative expenses	.5	.9	1.0	1.0
3. Cultural fund.....	.9	1.4	2.0	2.0
4. Payments to the state..	8.0	11.0	11.0	17.0
5. Long-term loan repayments ²	2.0	1.0	-----	-----
6. Income tax.....	4.2	7.5	8.0	13.0
7. Insurance and fees...	2.0	3.0	3.0	4.0
8. Investment fund.....	7.4	16.7	16.8	28.5
9. Production expenses ³ ...	13.0	23.5	22.0	32.0
10. Payments to members....	13.0	42.0	42.0	50.0
11. Labor-day payments ⁴ ..	12.4	40.6	41.0	48.0
12. Fixed cash payments..	1.0	1.0	1.0	2.0

¹ Excluding collectives converted to state farms in 1957.

² Paid after 1956 from funds allocated to investment.

³ I.e., outlays on purchased materials and hired labor, and money payments for MTS services.

⁴ Figures for 1956 and later years exclude labor-day payments from funds allocated to investment. Such payments amounted to 1.6 billion rubles in 1956, and are estimated to have amounted to 3 and 4 billion rubles in 1957 and 1958 respectively (see sources to row 11).

Sources:

Row 1: 1952, 1956 from table 5. 1956 excluding collectives converted to state farms in 1957 from ESKh, 1958 No. 3, p. 15. 1957 from "SSSR v tsifrakh," p. 200. 1958 from Pravda Jan. 16, 1959.

Row 2: Estimated as 1.2 percent of total income in 1952, and 1 percent thereafter. The maximum prescribed in the model artel charter is 2 percent.

Row 3: 1956 from ESKh, 1957 No. 7, p. 37. Other estimates are arbitrary.

Row 4: Sum of subitems.

Row 5: Estimates oriented on the known amount of repayments in 1955, 2.3 billion rubles (Fin. SSSR, 1956 No. 2, p. 14). In March 1956 farms were authorized to repay long-term loans from funds allocated to investment (Pravda, Mar. 10, 1956); actual repayments from this source amounted to almost 2 billion rubles in 1956 (Garbuzov in FISS 1957, p. 171). Accordingly, loan repayments from current income are presumed to have dropped to 1 billion rubles in 1956 and to have been zero thereafter.

Table 17--Continued

Row 6: 1952, 1956 from *ibid.*, p. 66. 1957 assumed to have remained at the level of 1956 (like total money income). 1958 said to be slightly below the 1959 plan figure of 13.3 billion rubles (*Pravda*, Dec. 24, 1958).

Row 7: Estimates which assume that insurance premiums account for the bulk of this outlay category, and that premiums are at least equal to indemnities received by farms (which amounted to 1.6 billion rubles in 1950 and 2.2 billion rubles in 1956: *FISS* 1957, p. 356).

Row 8: 1952 given by Khrushchev in *Pravda*, Jan. 25, 1958. 1956 from *FISS* 1957, p. 167. 1957 from *ESKh*, 1958 No. 3, p. 15. 1958 from *Fin. SSSR*, 1959 No. 2, p. 13.

Row 9: 1956 from *Vestnik Akademii nauk SSSR*, 1958 No. 6, p. 19. The same source predicted that production expenses in 1958 would be approximately 25 billion rubles; the figure is rejected as impossibly low (it evidently excludes outlays on tractor operations). Estimates for years other than 1956 are derived as a residual.

Row 10: Sum of subitems.

Row 11: 1952 given by Khrushchev in *Pravda*, Jan. 25, 1958; his figure for 1956 (42.2 billion rubles) is inclusive of about 1.6 billion rubles paid for construction labor-days from funds allocated to investment (*FISS* 1957, p. 171); accordingly, payments from the general labor-day fund are estimated as 40.6 billion rubles. The average payment per labor-day in 1957 is estimated as 4.00 rubles (i.e., "almost 3 times 1952": (Matskevich in *Komm.*, 1958 No. 12, p. 25) and total labor-days at about 11 billion (slightly below the 1958 level). Of the 44 billion rubles of estimated total payments, 3 are assumed to have been paid from investment funds. Total payments in 1958 are estimated at 8 billion rubles over 1957, or about 52 billion rubles. The increase represents mainly payments to machine operators, part of whose earnings as MTS workers were formerly paid by the state. Of the 52 billion rubles of estimated total payments, 4 are assumed to have been paid from investment funds.

and 56 percent in 1957.⁸³ The trend is toward payment entirely in cash, with farm members then buying from the farm only the amounts of produce needed to supply their own consumption requirements. This will simplify cost accounting, and also curtail the volume of market sales by the private sector (which divert significant amounts of labor from collective production).

On farms of more than average efficiency, price increases have resulted in "excess profits" which, if fully

⁸³ *Fin. SSSR*, 1959 No. 2, p. 12; *Vop. ekon.*, 1959 No. 2, p. 113; *ibid.*, 1959 No. 3, p. 11. Unfortunately none of these sources specified the prices at which income in kind is valued. There is some presumption that it is an approximation of retail prices, and that the statements refer to prices of the current year, but this cannot be proven.

distributed to members, would result in labor-day payments higher than state farm wages. Such farms have been urged to invest in cultural and social construction -- hospitals, schools, nurseries, homes for the aged, bakeries, restaurants, and so on -- as an alternative to higher cash payments to members. Investment in urban amenities is probably welcomed by farmers, and recognized as the kind of improvement in living standards which income from private agricultural activities cannot buy.

Income from private farming rose much less rapidly than payments for collective labor. The rise in the value of sales to procurement agencies (row 3 of table 18) was largely offset by the decline in market sales (row 4), so that gross money income from sales increased between 1952 and 1958 by not more than 10 percent. By 1958 cash payments for collective labor had overtaken gross income from private sales.

Table 18.---Indicators of peasant income, 1950-58

	1950	1952	1955	1956	1957	1958
1. Total money incomes of collective farmers (presumably at current prices), 1950=100	100	114	145	163	-----	-----
Of which (not exhaustive):						
2. From collective farms.....	100	135	255	339	-----	-----
3. From sales to procurement agencies.....	100	95	145	220	-----	-----
4. From market sales.....	100	114	103	91	-----	-----
Total labor-day earnings, in money and kind, at constant prices:						
5. 1950=100	100	-----	180	-----	-----	-----
6. Billion rubles (1952 prices?)	-----	47.5	-----	-----	83.8	94
7. Money.....	-----	12.4	-----	-----	52	61
8. Kind (retail prices)	-----	35.1	-----	-----	32	33
9. Money and kind income from collective and private farming, per worker, at constant prices (presumably net of taxes), 1950=100	100	-----	150	168	176	-----

NOT TO BE MICROFICHED

Table 18--Continued

Sources:

Rows 1 to 4: Garbuzov in FISS 1957, p. 172.

Row 5: Pravda, Apr. 25, 1956, p. 2.

Row 6: 1952 and 1957 given by Khrushchev in *ibid.*, Dec. 16, 1958, p. 5. The figures are specified as being in constant prices. If normal Soviet practice is being followed, this means base year prices (cf. S. P. Partigul, *Statistika material'nogo i kul'turnogo urovnia naroda*, M., 1956, p. 55). 1958 labor-day payments in money and kind were almost double 1952 (Vatovskii in *Vop. ekon.*, 1959 No. 3, p. 11).

Row 7: Money payments for labor-days at current prices were (bil. r.): 1952, 12.4; 1957, 44; 1958, 52 (table 17, sources to row 11). The level of prices in 1957-58 (1952=100) is estimated as 85 (cf. NK 1956 p. 232).

Row 8: Residual. Assuming that grain accounts for the bulk of payments in kind, and that grain payments in 1952 were about 17 to 18 million tons, the value derived above for 1952 implies an average grain price of close to 2,000 rubles per ton. This suggests that kind income must be valued at some approximation of retail prices.

Row 9: 1955, 1956 from NK 1956, p. 42; 1957 from PKh, 1958 No. 5, p. 17.

Besides greatly improving the size, structure, and stability of farm income, price reforms since 1953 have made possible two major institutional changes which promise cost reductions. One is the sale of MTS machinery to collective farms. After abandoning the pretense that farms could produce at a loss and make it up by volume the state had no reason to preserve an instrument designed primarily for extortion. Historically, and perhaps incorrigibly, MTS were wasteful proprietors of machinery. Apart from performance, their very existence fostered pervasive waste, since it complicated the introduction of cost accounting on collective farms and confused responsibility for managing production.

Cost accounting is the other major change made possible by price increases. By providing farm management with a criterion of efficiency hitherto lacking, it removes the last important handicap on collective production.

Cost reduction on collective farms will not follow automatically from these two innovations. But they are certainly indispensable conditions for it.