Dear MRHW members,

Thank you for taking the time to read my chapter, the third from my draft monograph, *Money and the Pursuit of Communist Prosperity in the Postwar Soviet Union, 1945-1964*. I’ve also included my book proposal here, which should give a sense of how the chapter fits into the larger work and the overarching themes it addresses. As this is my first monograph, I’d be grateful for any feedback you have on the proposal itself! Please note that the version attached here is a generic one and deliberately does not contain a section on my monograph’s fit within a specific publisher’s existing line of publications.

Best wishes,

Kristy Ironside
Money and the Pursuit of Communist Prosperity in the Postwar Soviet Union, 1945-1964

Introduction

The Soviet Union emerged from the Second World War victorious but beleaguered. Millions of its citizens perished, and the material destruction wrought upon its territory was estimated in trillions of rubles. Like other postwar governments, the Soviet leadership sought to bring inflation under control, end rationing, provide for a wounded and weary population, and jumpstart economic growth. In its efforts to rebound from the previous war and compete in the Cold War, it turned to something that had long occupied a problematic place within Communist ideology and which was not supposed to exist at all after the revolution: money.

As I argue in Money and the Pursuit of Communist Prosperity in the Postwar Soviet Union, 1945-1964, money was assigned an integral role in the creation of the state of abundance Karl Marx predicted in the long run and, in the meantime, increasing economic stability and expanding prosperity. A strong ruble in circulation was seen as a powerful tool for economic development, an idea that originated before the war but, it was believed, could finally be realized after it. Insofar as individual monetary gain — but not enrichment per se — was seen as an effective labor incentive, the Soviet state offered the opportunity to make more money to those who helped achieve the economic growth the increased material welfare of society, as a whole, was thought to depend upon. State welfare benefits for all citizens increasingly took the form of guarantees regarding their personal finances: a lower cost of living, rising purchasing power, more take-home pay, higher minimum wages and pensions, lower taxes, and the increased ability to save the purchase of big-ticket consumer items. That they could offer these monetized welfare guarantees was interpreted by both the late Stalin and Khrushchev-era regimes as clear evidence of postwar recovery and the Soviet Union’s advance toward communism when, as it was still maintained, money would become obsolete. Ordinary citizens, in turn, measured their own progress beyond wartime hardships and sacrifices in rubles and kopeks.

In spite of rapid postwar growth and gains in living standards from the mid-1950s onward, the Soviet Union never achieved the levels of affluence and stability enjoyed in the West, and is typically left out of the story of the Golden Age of postwar prosperity in Europe and North America as a result. Money and the Pursuit of Communist Prosperity nonetheless integrates the Soviet Union into this narrative. As I show, bolstering its monetized welfare guarantees became an increasingly urgent priority for the Soviet state amid the ideological confrontation between capitalism and communism. While Soviet propaganda continued to depict capitalism as inherently exploitative and immiserating, policymakers privately worried that their efforts to raise Soviet citizens’ living standards by strengthening their personal finances were falling behind. When ordinary citizens tried to make use of the ‘strong’ and ‘full-value’ ruble in their wallets, they often discovered it was anything but, a reality that shook their confidence in Soviet power and in the communist project, itself.

This monograph provides a new and more nuanced understanding of the role of money under Soviet socialism, long thought to have been relatively insignificant. The economist János Kornai famously described the Soviet economy as only “semi-monetized” because of the “soft budget constraints” firms worked with, such as subsidies, negotiable tax
rates, low interest on credit, and administratively controlled prices. Soviet households, he acknowledged, faced “hard budget constraints”: they were restricted by their available money resources and sensitively felt changes in prices and income. However, as social historians such as Elena Osokina and Sheila Fitzpatrick have emphasized, under conditions of scarcity, money was often not nearly as important as personal connections (blat). Consumption was tied more to the privileged access to goods elites, intellectuals and priority workers enjoyed, while others were left to do without. By contrast, Money and the Pursuit of Communist Prosperity in the Postwar Soviet Union, 1945-1964 looks at broader uses and meanings of money within the Soviet system: in budgeting and implementing the state’s welfare commitments, incentivizing ordinary citizens’ cooperation with its economic plans, and gaining and losing their support.

**Chapter Overviews**

The narrative of this monograph falls chronologically within the parameters of the Soviet Union’s victory in the Second World War in mid-1945 and Khrushchev’s ouster in the fall of 1964, after which many of the economic reforms of the Khrushchev years were dismantled. The book will contain six thematic chapters, each revolving around a promise of the postwar Soviet state in the realm of citizens’ personal finances and the economic welfare of society at large.

- **Introduction**
- **Chapter 1: Socialism’s Low-Price Guarantee**
- **Chapter 2: Abundance at a Fair Price**
- **Chapter 3: Reducing Income Inequality without Leveling**
- **Chapter 4: Socialist Security**
- **Chapter 5: More Pay in Hand**
- **Chapter 6: The Worker’s Capital**

**Conclusion**

**Chapter 1: Socialism’s Low-Price Guarantee**

Though the Soviet government promised to lower retail prices during the relatively more prosperous mid-1930s, it did not manage to do so before the war sent prices skyrocketing. Rationing, which had been abolished only in 1935, was reintroduced and state prices were split back into higher commercial and lower ration levels. Prices in the collective farm markets, the last bastions of free trade in the Soviet Union, shot up in response to severe scarcity. This chapter thus charts one of the state’s top priorities after the war: bringing down prices. Its confiscatory currency reform of December 14, 1947 penalized those who had unfairly profited during the war, ‘reunifying’ and reducing state prices for basic necessities. By the early 1950s, the Soviet government had embarked upon a policy of consecutive annual price reductions applying to dozens of categories of foods and consumer goods. The new prices were announced to great fanfare each spring and presented as irrefutable evidence of the Soviet Union’s burgeoning prosperity at a time when rationing was ongoing in capitalist Europe. In practice, the retail prices of these items were simply heavily subsidized. They bore little relation to the cost of production and, in the case of food staples, depended upon the ongoing exploitation and undercompensation of the Soviet peasantry. As this chapter contends, though they were economically irrational and unsustainable in the absence of sufficient supply, Stalin’s consecutive price decreases set the
tone for postwar policies designed to increase workers’ economic welfare. They were presented as a grand gesture after wartime hardships and a blow at hated market forces. However, they were not the “real” lower prices Stalin had long sought to engineer.

Chapter 2: Abundance at a Fair Price

Although he publicly supported them at the time, Khrushchev long harbored doubts about the value of Stalinist consecutive price reductions. Upon consolidating his leadership, he embarked upon a policy of “economically sound” price cuts based upon a reduction in the costs of production and increased supply instead of state subsidies. The post-Stalinist government increased the prices it paid collective farmers for their agricultural deliveries in order to incentivize selling more food products to the state. It increased production quotas for consumer goods, imported more foreign goods, and built more retail stores. Khrushchev eschewed comprehensive price reductions, only reducing the prices of selected goods; however, he promised large-scale price reductions would soon resume. This approach to retail pricing was argued to support the goals of raising living standards in the city and in the countryside, and the goal of “catching up and overtaking” the West. As this chapter argues, the policy of “economically sound” lower prices was solid logic, but it underestimated the ritualized price decreases’ political significance. Khrushchev’s ambitious restructuring of economic decision-making and his agricultural reforms began to fail toward the end of the 1950s and market prices began to rise, especially for meat and milk. His 1961 currency reform was widely viewed as a flimsy pretext to raise state retail prices. In June 1962, amid severe shortages, the Soviet state substantially raised the retail prices of meat and butter in an effort to better compensate peasants and boost their productivity, abruptly reneging on its promise of lower prices. This led to a deadly confrontation between workers and the state in Novocherkassk, and contributed to a massive loss of trust in Khrushchev’s leadership.

Chapter 3: Reducing Income Inequality without Leveling

When Khrushchev abandoned his support for consecutive retail price reductions, he pushed the Party to turn its attention to what he viewed as a more pressing problem: low wages. The Stalinist wage system revolved around piece rates in order to encourage the worker to take a personal interest in his or her output after the disastrous egalitarian wage experiments of the first post-revolutionary decade. Simultaneously, the intelligentsia and political elites were offered salaries and perquisites that far surpassed what ordinary workers ever hope to earn. Enormous income inequality emerged over the course of the Stalin period as a result of Stakhanovite productivity expectations, a campaign against “vulgar egalitarianism” that justified sometimes extreme differentiation in wages, and the pressures of wartime production. This chapter picks up its story in the midst of Khrushchev’s attempt to reduce income inequality and redistribute income by raising low wages and restructuring high wages in the second half of the 1950s. Khrushchev’s reforms of 1956-1962 sought to rationalize Soviet wages and established a more concrete correspondence between quality labor and income level, as well as between wages and the cost of living. However, these reforms were not as transformative as intended because they stubbornly ignored the gender gap in industrial wages, opportunities to manipulate the wage system persisted, and elites’ lifestyles and livelihoods continued to be supplemented by a range of non-monetized privileges, all of which led workers to question the value of wage reform. Moreover, real wages for all categories of workers began to slow in the second half of Khrushchev’s reign.

Chapter 4: Socialist Security

Although pensions were touted as one of the clearest examples of the postwar Soviet state’s great “care” for the people, by then, a majority of pensioners received amounts that were grossly insufficient to cover the cost of living and lagged far behind the elevated pensions enjoyed by elites. Millions of disabled war veterans along with their families depended upon paltry ‘invalid’ pensions as sole sources of income and lived in dire poverty.
Although pension reform is typically viewed as an achievement solely of the Khrushchev era, late Stalinist leaders recognized its necessity. A specially organized commission tried to "unify" the disparate laws that governed Soviet pensions and raise the lowest pension amounts; however, this initiative foundered amid disagreements regarding the issue of preserving pension privileges and incentives to maximize time spent in the workforce. The pension law of October 1956, one of the most popular reforms of Khrushchev's tenure, built upon existing political momentum for pension reform. It brought most categories of pensioners under one comprehensive law, simplified the procedures for receiving a pension and narrowed the range of amounts while preserving bonuses and privileges. As this chapter argues, postwar pension reform attempted to recalibrate the twin functions of pension money in the Soviet Union: to provide needed "care" and economic security in the absence of gainful labor and, more importantly from the state's point of view, to provide an incentive for disciplined and productive labor. The state's decision to focus on reducing the disparity in pension amounts rather than reexamining its prerequisites for receiving a pension created cracks in pension policy that could easily be fallen through. As with wages, the extra money it paid out in pensions after 1956 could not be balanced with increased goods to spend it on, affecting real wages for the population as a whole.

Chapter 5: More Pay in Hand

The effort to raise living standards after the Twentieth Party Congress necessitated not only injections into household income, but reevaluating the deductions the Soviet state had long carved off wages to support its social and economic initiatives. Despite Marx's characterization of income taxes as a burden on the working class, the Soviet government continued to charge income taxes long after the revolution. Soviet workers' income tax burden was relatively low, certainly compared to that of the peasantry, until the Second World War, when tax hikes were used to help finance the enormous costs of total warfare. From 1927-1957, workers were expected to contribute the equivalent of one month's wages toward coercive "mass subscription bonds," state lottery bonds purchased during ideologically charged meetings in the workplace and paid for through deductions from workers' wages. Western scholars have long looked upon these bonds as taxes in all but name. After Stalin's death, the Soviet government scaled down the subscriptions expected of low-income citizens and, in the spring of 1957, froze existing bonds and abolished future issues altogether, effectively defaulting on the 260 billion rubles it owed its own citizens. The freeze was extremely unpopular, though the abolition of the bonds relieved workers of the monthly financial burden. Toward the end of the decade, Khrushchev went one step further when he declared direct taxes on workers' wages unnecessary amid the promising projections of the Seven-Year Plan. The Soviet Union was to become the first country in history without income taxes by 1965. However, this attempt to realize the "long held dream of workers" of a life without taxes, as Soviet propaganda triumphantly put it, lasted for all of two years. Budget constraints and slowing economic growth necessitated its postponement. The abolition of taxes was never resumed. In eliminating these wage deductions, the Soviet government relieved itself of its massive debt on the bonds and scored ideological points in the case of taxes but, as this chapter maintains, also deprived itself of key levers it had long used to control the cash supply and prevent inflation.

Chapter 6: The Worker's Capital

With workers' increasing wages and pensions, and with the abolition of semi-compulsory investments and taxes, the Khrushchev government had to find new incentives for Soviet citizens to voluntarily hand some of their money back to the state to invest in housing construction, education, health care, and other social welfare programs. It found them in the burgeoning consumerism of the late 1950s and early 1960s: workers were encouraged to gradually acquire the necessary financial resources to buy big-ticket items like refrigerators, cars, and holidays. Unlike its earlier more coercive and extractive fundraising efforts, the Soviet government promised that citizens' money would now work for them
directly. They were encouraged to invest in state fundraising programs with real, fast returns: market lottery bonds which offered a high rate of interest and the chance to win big cash prizes, cheap lottery tickets that offered the chance to win smaller sums of cash as well as coveted consumer goods, and interest-paying accounts in state savings banks. As this chapter concludes, Soviet citizens were encouraged to accumulate personal capital in the state in order to participate in “rational consumerism,” simultaneously improving their individual living standards and those of the Soviet collective. At the same time, these fundraising initiatives helped absorb the excess cash in circulation caused by perpetual shortages in the consumer realm.

**Methodology and Audience**

This book is based on five years of extensive research and draws upon newly available and never before used archival evidence from Russian state archives. It adopts a combined political economy and social history approach, portraying the viewpoints of state actors responsible for devising and implementing policy and the lived experiences of ordinary citizens. *Money and the Pursuit of Communist Prosperity in the Postwar Soviet Union, 1945-1964* will be written in prose that uses minimal economic jargon and is accessible to a wide audience. It will appeal to those with an academic interest in the Soviet Union, including upper-year undergraduates, graduate students, and professional historians. The publication of this monograph is timely in light of the recent resurgence of academic interest in economic history, in particular, in less quantitative approaches. With its focus on economic policy formulation in the context of the Cold War, it will be of interest to scholars outside of Russian and Soviet history, in particular historians of American capitalism.

*Money and the Pursuit of Communist Prosperity in the Postwar Soviet Union, 1945-1964* will also be of interest to a more general audience including policymakers, because it speaks to ongoing contemporary economic issues. Like other countries, Russia and the post-Soviet successor states presently struggle to fund and maintain many of the welfare guarantees that were developed in the postwar period, especially pensions. The recent decline and volatility of the Russian ruble has resulted in rising prices and discontent regarding the cost of living, and has raised the specter of currency revaluation – a process by which Russians lost out financially four times over in the twentieth century and twice within the period contained in my study. This monograph thus provides much-needed historical context for many of today’s economic crises, political bargains, and popular discussions.

**Competition**

At present, there is no comparable monograph on the role of money under Soviet socialism. Jonathan Zatlin’s study, *The Currency of Socialism: Money and Political Culture in East Germany* (Cambridge, 2007) is similar only in its general subject matter. Zatlin’s book is focused on this society’s failed utopian attempts to eliminate money after 1945; *The Workers’ Ruble*, by contrast, shows that money was ideologically rehabilitated in the Soviet Union, a process that has its roots in the period before 1945 and took on specific meaning within the context of Cold War economic competition and the Soviet Union’s self-imposed revolutionary deadlines.

Existing monographs dealing with the role of money in Soviet welfare policy were mostly produced by sociologists and political scientists as contemporary studies and without archival evidence, such as Bernice Q. Madison’s *The Soviet Welfare System* (Stanford, 1968), Alistair McAuley’s *Economic Welfare in the Soviet Union: Poverty, Living Standards and Inequality* (Wisconsin, 1979), and Linda J. Cook’s *The Soviet Social Contract and Why it Failed: Welfare Policy and Workers’ Politics from Brezhnev to Yeltsin* (Harvard, 1993). The subject has been addressed obliquely by Soviet historians, whose work has tended to focus more on the material and cultural dimensions of the welfare state, not its economic

Within the field of Soviet history, there is growing scholarly interest in the postwar period and the issue of living standards. Donald A. Filtzer’s work on living standards, *The Hazards of Urban Life in Late Stalinist Russia: Health, Hygiene, and Living Standards, 1943-1953* (Cambridge, 2010), stands out; however, it too focuses on material welfare conditions and what he calls “quality of life” issues. Mark Edele’s monograph, *Soviet Veterans of the Second World War: A Popular Movement in an Authoritarian Society 1941-1991* (Oxford, 2008), explores pensions and welfare benefits, but only as they are limited to emerging “entitlement group” of veterans after the war. On the Khrushchev period, much recent scholarship has focused on the mass housing construction project, including Mark B. Smith’s *Property of Communists: The Urban Housing Program from Stalin to Khrushchev* (Northern Illinois Press, 2010) and Steven Harris’ *Communism on Tomorrow Street: Mass Housing and Everyday Life after Stalin* (Johns Hopkins, 2013) and Christine Varga-Harris’ *Stories of House and Home: Soviet Apartment Life during the Khrushchev Years* (Cornell, 2015).

There is yet to be any specific exploration of the economic project of increasing the people’s welfare and building prosperity in the postwar Soviet Union. Through its focus on money, *Money and the Pursuit of Communist Prosperity in the Postwar Soviet Union, 1945-1964* would tie together many of these strands and would simultaneously adopt a novel approach to the study of the Soviet state, the Cold War, consumption, everyday life, and the socialist economy.

**Length and Visual Content**

I anticipate a total length of no more 100,000 words including all citations and notes. The book will feature a glossary of important terminology and a timeline of key reforms and events. The chapters will include some graphs and tables, but these will be kept to a minimum. Some chapters will feature images of Soviet propaganda which I have permission to reprint; these need not be in color and would be inserted into the body of the chapters.

**Time to Completion**

I have completed the first three chapters and plan to complete the entire manuscript by early 2017.

**About the Author**

I am a Lecturer (equivalent to tenure-track Assistant Professor) in Russian, East European and Eurasian history at the University of Manchester in the United Kingdom. I was previously a postdoctoral fellow at the International Center for the History and Sociology of WWII and its Consequences at the Higher School of Economics in Moscow. I earned a PhD in Soviet history from the University of Chicago in 2014. I am the recipient of several national awards that supported the research contained in this book, including a Social Science Research Council dissertation research fellowship, and an American Council of Learned Societies dissertation completion fellowship. I have publicly presented and published on numerous aspects of the Soviet economy and postwar Soviet society in Europe, Russia, and North America. My articles appear in print or are forthcoming in leading Russian/Soviet history journals, including *Kritika: Explorations in Russian and Eurasian History, The Soviet and Post-Soviet Review, Slavic Review*, and *Europe-Asia Studies*. 
Chapter Three

Reducing Income Inequality without Leveling

In his fall 1955 memorandum to the Central Committee, the same in which he recommended doing away with Stalin’s annual retail price reductions, Khrushchev listed wage regulation as another pressing issue about which it was necessary to change opinions ahead of the Twentieth Party Congress.¹ There were many abnormalities in wages, he explained, such as multiple wage levels for the same jobs within and across enterprises, but more importantly: “we have a large number of low-paid workers, especially auxiliary workers, who cannot make ends meet on their wages. On the other hand, we have a group of workers, albeit a small one, who receive very high wages.”² “It seems to me, this problem cannot be solved only by increasing productivity, lowering retail prices and other measures,” Khrushchev argued, “It’s obvious the only solution is to directly increase the wages of the lowest paid workers.”³ In order to compensate for these raises, he recommended reducing the pay of skilled workers and the intelligentsia in a manner that ensured they would be well provided for, but no longer allowed for “excesses” (izlishchestva) that gave rise to “a variety of unhealthy phenomena.”⁴

Amid the post-Stalinist emphasis on improving living standards, redistributing income to struggling workers was a logical yet politically fraught proposition. For over two decades, the increasingly unequal incomes of the urban population had been justified by a struggle against “wage leveling” or “vulgar egalitarianism” (uravnilovka).⁵ In the early years of its existence, the Soviet government put utopian principles into practice, equalizing payment for workers’ labor regardless of skill level and type of job. Wage leveling contributed to frequent, chaotic turnover in personnel and did nothing to incentivize developing skills or disciplined habits among a generation of workers recently transplanted

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¹ “Zapiska N. S. Khrushcheva v presidium TsK KPSS po voprosam uporiadochenia zarabotnoi platy i pensionnogo dela,” Dva tsveta vremeni; dokumenty lichnogo fonda N. S. Khrushcheva, tom. 2, 277.
² Ibid.
³ “Zapiska N. S. Khrushcheva,” 278.
⁴ Ibid.
⁵ The term uravnilovka is also sometimes translated as “equalitarianism.” In all cases, it has a distinctly negative connotation.
from the countryside. By the early 1930s, Stalin came out strongly against this “scourge of productivity,” differentiating wages on the basis of skill and importance to the national economy, and raising wages dramatically in priority heavy industry. In an effort to encourage concern with individual output, a majority of workers’ incomes thereafter depended upon “additional earnings” (prirabotok), including piece rates, bonuses, and premiums above the base wage or “tariff rate” (tarifnaia stavka). Before long, a massive gap between high and low wages emerged, one that continued to grow into the postwar period.

Elite compensation also rose steadily under Stalin. Amid the retreat from utopianism, workplace hierarchies were strengthened and orderly careerism was promoted in an effort to stabilize the body social and develop loyal cadres.6 White-collar workers’ average wages rose from 1932-1933 onward, rapidly overtaking those of industrial workers.7 Managers received substantial bonuses that became part-and-parcel of their wages. In 1932, Stalin cancelled the “Party maximum,” a ceiling on the nomenklatura’s earnings set in 1921 that limited the salaries of Party workers to amounts not exceeding the wages of skilled workers. Party workers’ incomes climbed thereafter. In addition to these higher salaries, they had privileged non-monetized access to the good things in life, such as preferential housing, consumer luxuries, and cars. Some received “Kremlin rations” (Kremlevskii paek), a monthly package which initially consisted of free food but, over time, involved money payments, credit in special closed stores, and other perquisites.8 These privileges continued to proliferate into the postwar period.

By the mid-1950s, the result of Stalinist anti-egalitarianism was a glaring gap between the incomes of low- and high-skilled workers, between the wages of workers in light and heavy industry, and between the incomes of the working masses and elites. Collective farmers, as already discussed, were excluded from the state wage system altogether, which

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contributed to their impoverishment and economic marginalization. In the eyes of many Communists, such a pronounced level of income inequality was patently unacceptable for a socialist society, let alone one that was supposedly edging ever closer to utopia. It also presented a serious practical obstacle to the realization of Khrushchev’s consumption campaign. As the previous chapter demonstrated, that approach was premised upon increasing consumer output rather than reducing retail prices. It threatened to fall flat if ordinary workers earned enough money to buy little more than food and bare necessities, while elites’ higher spending power became ever more tied to status entitlements instead of tangible economic achievements.

Upon securing his leadership, Khrushchev scaled down some of the most ‘excessive’ benefits enjoyed by industrial, cultural and political elites. Leveling was still off the table because it would not promote the high levels of productivity upon which Khrushchev’s promises of prosperity were founded. The ‘struggle against uravnilovka’ was recast as a Leninist imperative in pursuit of rational, efficient, and productive labor. Ambitious wage reforms, entailing minimum wage raises, a lower workday, and wage restructuring, were included under the banner of Khrushchev’s initiatives “to more fully satisfy the growing material needs of the people” announced at the Twentieth Party Congress in February 1956. The associated reforms were implemented in stages over the course of 1956-1962. They aimed to provide the mass of ordinary workers with wages that covered the cost of living and left them with more disposable income, while still holding out the opportunity to earn higher wages as an incentive to be a loyal, hard-working and productive member of Soviet society.

In practice, Khrushchev’s efforts to narrow income inequality fell short. Minimum wage raises did not address the structural problems in wage policy that left women, the disproportionately more numerous sex after the war, the lowest-paid members of the Soviet workforce. Because industrial wages remained oriented around individual output, especially in priority branches of the economy, opportunities for some workers to manipulate norms and far out-earn others remained. In the absence of significant price decreases, low-earning workers still struggled to make ends meet. At the same time, many high-earning workers
struggled to enjoy their ‘riches’ in the absence of consumer goods to spend them on. The growth of real wages began to slow for both low- and high-earning workers in the late 1950s and early 1960s, as a serious imbalance between goods and cash in circulation emerged. In the meantime, elites maintained many of their traditional non-monetized material privileges, fostering conflict and resentment between the Soviet socioeconomic strata.

**Curbing Income “Excesses”**

Khrushchev’s push to raise low wages in the fall of 1955 came in the wake of a series of scandals involving the Soviet Union’s wealthiest citizens. When he spoke of the “unhealthy phenomena” associated with excessively high income, it was undoubtedly these incidents to which he was referring. This was not the first time Party members, managers and members of the intelligentsia’s higher salaries had come under scrutiny. During the 1930s, ordinary workers frequently complained about the new “millionaires” the Soviet system produced, especially among the cultural elite.\(^9\) Sheila Fitzpatrick suggests that the cultural elite’s privileges were even flaunted in the press as a means of deflecting attention from the privileges enjoyed by communists, who tended to “misrecognize” their privilege and maintain that money and consumer luxuries made them soft.\(^10\) Attacks on elite privilege in the mid-1950s must also be rooted in the struggle for power in the wake of Stalin’s death and the sea change of de-Stalinization. Postwar ministers, managers, technical personnel, and the cultural intelligentsia owed their elevated social standing and the financial benefits that came with it to the Stalinist system, making them obvious symbols of its shortcomings.

After Stalin’s death, criticisms of wealthy elites’ profligacy and cavalier attitudes toward money began to appear in feuilletons, moralizing newspaper articles that pointed to a social problem or distortion.\(^11\) A recurring theme centered upon the children of well-off elites who, it was suggested, were not learning the right lessons about the inherent

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\(^10\) Ibid.

connection between honest labor and monetary gain to Soviet society's detriment. A November 1953 feuilleton entitled “Blight” (*Plesen’*), one of the first to attack fashionable, Westernized youths (*stiliagi*) and the first in a series of articles criticizing the lifestyles of prominent citizens’ offspring, described how three sons of high-ranking scientific, technical and military personnel had murdered a friend after he refused to participate in a robbery to fund nights of carousing in Moscow’s underground cocktail halls. The writers asked: “How could such a foul blight arise in the healthy midst of our Soviet youth, these people without honor or conscience, without a goal in life, people for whom money was the highest measure of happiness?” The answer: blinded by love, the well-off parents of these “gilded youths” had catered to their every whim and supplied them with large sums of pocket money. Their parents failed to instill in them a proper respect for labor, the true source of monetary reward. A March 1954 *Krokodil* drawing scolded parents, especially mothers, for financing their grown children’s degenerate lifestyles. It depicted a *stiliaga* hiding behind his plump, obviously bourgeois mother as she berates her frail and much older husband: “How can you only slip him a miserly hundred-ruble bill?” she demands, “The children of well-off parents go out to restaurants and yours hangs around the beer halls like an orphan.”

Not only young people developed the wrong ideas about where money came from and how it should be spent. A March 1954 feuilleton attacked Nikolai Virta, the socialist realist writer and four-time Stalin prizewinner, who had recently moved to the countryside,
allegedly to be closer to the subjects of his heroic novels. Upon arriving, Virta promised to contribute 10,000 rubles of his own money toward the construction of a cultural center, to be built with the local Komsomol’s volunteer labor. Virta never handed over the money and did little to help improve the struggling collective farm nearby. His complaints about the area’s lack of electrification dissipated when he procured a private generator for his dacha. The article insinuated that the dacha, a two-story ‘mansion’ shut off behind a high blue fence that overlooked the villagers’ squat huts, was in fact the “cultural center” the Komsomol had built. Virta was accused of living a double life, “one in his books, another on his private estate.” The local elderly peasant women had even taken to calling Virta “our master” (nash barin). In the ensuing scandal, Virta was expelled from the writer’s union for “amoral and antisocial acts incompatible with the calling of Soviet writer.”

The sums of money mentioned in these feuilletons shocked and angered many newspaper readers. By 1955, the minimum wage had not been touched since the “bread allowance” to compensate for increased ration prices in September 1946, when it was raised to 200-260 rubles. In response to a feuilleton mocking two singers at the Bol’shoi theatre, in which it was mentioned in passing that one had earned 126,000 rubles for just 14 performances and had cancelled a show in Kuibyshev after he did not receive his asking price, A. D. Gorbova wrote bitterly: “As a pediatrician, I earned 247 rubles in the first half of December. Can I go to the theatre on such a miserable wage, subscribe to newspapers and journals, and satisfy my basic everyday needs?”

V. I. Prokhorov called the subjects of these feuilletons “money grubbers” (khapugi) and asked how such large salaries could be permissible when many workers earned 300-400 rubles per month. “It’s far too big a contrast!” he exclaimed, emphasizing that: “I am outraged, as is everyone else, but I am not, of course, thinking about uravnilovka.” He proposed more modest reforms, including

18 Abel Gezevich Aganbegian and V. F. Maier, Zarabotnaia plata v SSSR; nekotorye voprosy teorii i praktiki (Moskva, Gosplanizdat, 1959), 220.
19 RGANI, f. 5 op. 30, d. 101, l. 20. The feuilleton in question was: “Na verkhнем ‘do’,” Pravda, January 9, 1955, 2.
20 RGANI, f. 5 op. 30, d. 101, l. 19.
21 Ibid.
bringing down tariff rates for all salaries higher than 2000-3000 rubles per month and cracking down on the common practice, especially among academics, of earning a second salary outside one’s primary place of work.\textsuperscript{22} These criticisms occasionally evinced anti-intellectual sentiment. One anonymous letter from Baku complained that, in contrast to manual workers who produced vital resources like coal and wheat and would be “millionaires” if they were duly compensated for their labor, artists, playwrights and other cultural figures received “enormous sums, incomes not needed by a Soviet person.”\textsuperscript{23} Indeed, members of the cultural intelligentsia could receive substantial honoraria, royalties, and prizes on top of their salaries – Stalin prize laureates took home up to 100,000 rubles for their achievements.\textsuperscript{24}

Some letters of complaint reserved their harshest criticism for the large gap that had emerged between the wages and special privileges of the Party officials and ordinary workers since Stalin’s cancellation of the Party maximum. In an anonymous letter from “the deceived paupers and beggars” to Bulganin, Voroshilov, and Khrushchev, the writer complained that ministers and high-ranking Party members received salaries of 3000 to 30,000 rubles per month which, “indeed, is creating a new class of rich people, of capitalists.”\textsuperscript{25} He criticized the fact that, in addition to their salaries, these individuals received thousands of rubles to pay for their health care and lavish trips to sanatoria. Indeed, it was quite common for managers and other elites to receive a “thirteenth month” of wages that was officially earmarked for hospital expenses or “cure money.”\textsuperscript{26} On top of this, these officials received privileged use of state-owned cars. “Why does a cleaning lady earning 200-400 rubles per month need to pay her own way to and from work, while others receive salaries of 30,000 rubles at the government’s expense and they come and go in their own

\textsuperscript{22} Ibid.
\textsuperscript{23} Ibid.
\textsuperscript{24} For more on the Stalin Prize and its connection to privilege, see: Oliver Johnson, “The Stalin Prize and the Soviet Artist: Status Symbol or Stigma?” Slavic Review, Vol. 70, No. 4 (Winter, 2011): 819-843. The Stalin prize was discontinued after Stalin’s death and replaced with the Lenin prize in 1956.
\textsuperscript{25} GARF, f. 5446, op. 89, d. 1790, l. 103.
\textsuperscript{26} Matthews, 36.
ZIMs [limousines]?” the writer demanded.\textsuperscript{27} He advised Soviet leaders to think hard about what he had written.

Within the Party, high salaries and elite perquisites came under fire after the “Aleksandrov affair” of early 1955. In February, Khrushchev allegedly received an anonymous letter from a mother who claimed that her daughter had been seduced and disgraced by the playwright Konstantin Krivoshein.\textsuperscript{28} According to the letter, the playwright had lots of money, a lavish apartment in Moscow and a dacha in the oblast’, and he maintained a “den of iniquity” (priton) frequented by all the stars of Soviet culture, including the Minister of Culture, himself, Georgii Aleksandrov. Aleksandrov was accused of carrying on trysts with young aspiring actresses in Krivoshein’s company. The “affair” was most likely politically motivated: Aleksandrov owed his allegiance to Malenkov, who had appointed him to the post.\textsuperscript{29} By March, Aleksandrov had been removed from his position and, along with some of his fellow ‘degenerates,’ was disgraced for his unseemly behavior.

Lapses of communist conscience such as Aleksandrov’s greatly troubled the Soviet leadership. Amid the economic and social crises of the postwar period, there were fears that the Party was losing its enthusiasm and initiative; misconduct by communists, as Edward Cohn argues, both symbolized the regime’s failure to transform society and threatened its ability to combat the country’s problems.\textsuperscript{30} In the meetings held to discuss Aleksandrov’s fall from grace and in their letters to authorities, Party members fixated on the morally corrupting influence of the nomenklatura’s big salaries.\textsuperscript{31} S. A. Figurin wrote: “It appears to me that such rot (gnil’) results from the fact that, for certain categories of managers, scientists, literary workers, artistic milieus and others, there are unlimited conditions for personal enrichment. It’s no secret that many of these people have become millionaires.”\textsuperscript{32} Figurin suggested that, perhaps in the past, it had been necessary to attract talented people

\textsuperscript{27} GARF, f. 5446, op. 89, d. 1790, l. 103.
\textsuperscript{28} For details related to these accusations and the fallout from the scandal, see: Evgenii Zhirnov, “Razvrat, p’ianka, sovrashchenie devushek,” Kommersant, November 28, 2005, n. p. Available online: http://www.kommersant.ru/doc/630490
\textsuperscript{29} Ibid.
\textsuperscript{31} Zhirnov, “Razvrat”
\textsuperscript{32} RGANI, f. 5, op. 30, d. 135, l. 13.
to prestigious Party, cultural and scientific positions through the prospect of higher salaries, but now that the Soviet Union had developed its own cadres, “there is not only no reason for it but, in my opinion, it is dangerous to use such incentives and to revive old capitalist traditions.”

E. Livshitz, a Party member since 1917, suggested that the Leninist principle of frugality (skromnost’) needed to be brought back: “as a rule, big money drags people down.” In a letter to Khrushchev, a certain Comrade Malin asked how it was possible that an ordinary worker could earn an average of 700-800 rubles, while a deputy minister now earned 8000-10,000 rubles per month, a difference of more than ten times. Malin also pointed to a problematic divergence in salaries within the Party: an instructor received 3750 rubles per month, while the head of a sector earned 5000 rubles, and the deputy head of a department earned around 8000 and higher, plus access to a car and Kremlin rations.

Aside from the moral deficiencies excessive incomes facilitated, many criticized the fact that Party and managerial elites received extra income outside regular pay channels that was not subject to the full range of deductions ordinary workers paid from their wages, including taxes, bond subscriptions and Party dues. Party members frequently concealed income in order to reduce their dues, which constituted a percentage of their wages. After the December 1947 currency reform, high-ranking government and Party workers received “temporary cash allowances” (vremenye denezhnye dovol’stvii, VDD) which, by the mid-1950s, were blatantly no longer temporary. Although, as shown in Chapter One, the Soviet government publicly claimed that the ruble’s purchasing power was fully restored after the currency reform and workers’ real wages immediately improved, it offered members of the nomenklatura these allowances to tide them over while the cost of living remained high. VDD increased overall income 2-3 times, depending on the recipient’s position.

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33 Ibid.
34 RGANI, f. 5, op. 30, d. 135, l. 14.
35 RGANI, f. 5, op. 30, d. 101, l. 139.
36 Ibid.
37 Belova and Lazarev, 34.
39 Ibid.
December 1955, 6,136 Party employees received VDD for a sum of 169 million rubles.\textsuperscript{40} These allowances were preserved after Stalin’s death, though the range of recipients and amounts received were altered: amid his burgeoning rivalry with Khrushchev, in May 1953, Malenkov secretly raised the amounts that some high-ranking regional leaders could receive in an effort to maintain their loyalty, and reduced the amounts received by others.\textsuperscript{41}

In a letter to Khrushchev and Bulganin in April 1955, V. Kolotov argued that VDD had perhaps been necessary in the past, but had since become an unsupportable expense. Not only did the payments drain the state budget, they created “money hoarders” (\textit{skopidomy}) and “artificial demand” for deficit goods, they led to the moral degeneration (\textit{razlozhenie}) of leaders’ children, and the downfall of some leaders themselves. As Aleksandrov and others like him demonstrated, “money spoils a person.”\textsuperscript{42} Comrades Potapenko, Astakhov and Belkin of Leningrad argued that these “envelopes” (\textit{konverty}), as they were colloquially known, should be abolished and this money should be integrated into regular pay if it was truly needed.\textsuperscript{43} They harshly condemned those who took advantage of the privilege: “Indeed, this category of workers calls on workers to take on the entire burden of building communism themselves, while they live like it was before communism and get whatever they need, but don’t always work according to their abilities.”\textsuperscript{44} “We talk a lot about economizing on state expenses, about being thrifty with every government kopek, we talk about people who display vestiges of capitalism, and at the same time we notice how we are inculcating capitalist habits in the Soviet people and creating new capitalists out of communists,” a group of Party members from Rostov-na-Donu observed.\textsuperscript{45} Now that the workday was being reduced, their responsibilities were being lightened, and retail prices had been reduced several times over, there was no good reason managers and Party workers could not live on their salaries alone.

\textsuperscript{40} Konovalov, 11.
\textsuperscript{42} RGANI, f. 5, op. 30, d. 101, l. 28.
\textsuperscript{43} RGANI, f. 5, op. 30, d. 135, 13.
\textsuperscript{44} Ibid.
\textsuperscript{45} RGANI, f. 5, op. 30, d. 135, l. 16-17.
Though uravnilovka was still off the table, many communists implied that the struggle against it had gone too far in the opposite direction, reviving capitalist social phenomena and producing a level of income inequality that was unacceptable for a socialist society, especially one that could now take big strides toward communism. One anonymous letter-writer from Moscow spared no blame for the Soviet government: “The ‘affair’ of Aleksandrov, Virta and their ilk was possible only because the government unfairly compensated them for their labor at the expense of workers,” he wrote (quotations his). In his view, the problem was not ignorance of the plight of the low-paid, but a lack of will to initiate serious reforms: “the difficult and sometimes simply dismal material situation of the enormous mass of pensioners, war invalids, the elderly, employees who were laid off from their enterprises and those who can’t find work, among others, is also well known. It’s long, long since time to start thinking about that. And not just think about it, but do something about it.”

Khrushchev wanted to do something about it. In late 1955, the Central Committee began devising reforms of the VDD system, sharply curtailing the amounts paid out. The payments were reduced in March 1956 before they were stopped in 1957. During the Khrushchev years, ‘Leninist’ frugality and thriftiness (berezhlivost’) were held up as virtues to be praised and cultivated in Soviet citizens, especially among youth. A 1959 parenting handbook implored parents to not give their children pocket money or give in to their “caprices and tears,” but to teach their children the value of wages and the importance of “rational expenditure” (razumnoe raskhodovanie). Amid increased investment in consumer production, Khrushchev promoted not consumerism per se but “rational consumption,” as Susan E. Reid has observed. This entailed self-discipline and voluntary submission of the individual to the collective will, including keeping ‘irrational’ consumer

46 RGANI, f. 5, op. 30, d. 135, l. 18-19
47 RGANI, f. 5, op. 30, d. 135, l. 19.
48 Konovalov, 11.
49 Konovalov, 14.
50 See, for example: Ivan Timofeevich Nuzhim, “Berezhlivost’ – ne skupost,” Izvestia, May 31, 1959, 3.
51 Vospitanie detei v sem’e; Kniga dla roditelей, ed. Z. I. Ravkina (Moskva: Gosudarstvennoe uchebno-pedagogicheskoj izdatel’stvo ministerstvo proveshchenie RSFSR, 1959) 77.
desires in check, especially those assumed to be prevalent in women and youth. The government engaged in didactic efforts to cultivate austere, modern tastes that harked back to the utopian campaigns of the 1920s for the “new way of life” (novyi byt) and the stripped down, modernist aesthetic that entailed. This was contrasted to the decadence of Stalinism, which only a sliver of Soviet society had the means to personally experience, while the rest were left to make do with the sumptuous spreads depicted in propaganda posters. “Excesses” – moral, aesthetic, and monetary – were incompatible with the more inclusive notion of prosperity Khrushchev promised at the Twentieth Party Congress.

The Struggle Against Uravnilovka

Khrushchev’s efforts to rein in income excesses necessitated revisiting the questions of the money’s appropriate use as a labor incentive and the appropriate extent of wage differentials within industry. These were highly sensitive issues. Much like the Stalinist dictum that real wages could be increased most effectively by means of consecutive retail price reductions, the idea that any attempt to narrow the income gap by raising low wages came at the expense of the most important high-skilled workers, and thus constituted vulgar egalitarianism, was deeply ingrained by the mid-1950s. Though Khrushchev sought to rekindle the utopian enthusiasm of the immediate post-revolutionary years, the Soviet leadership could ill afford a repeat of the period’s high labor turnover and low productivity, which had given rise to the Stalinist backlash against egalitarianism. Uravnilovka was still viewed as antithetical to the almighty goal of productivity, and high productivity was precisely what was needed to live up to the regime’s economic promises after February 1956.

In the early days after the revolution, the principle of equal pay was introduced and, in line with attempts to ‘naturalize’ the economy, workers began to be paid in-kind. However, as Aleksandr Iliukhov notes, this was less a matter of conscious policy or communist principles than a direct result of the poverty and devastation of the time.

53 Reid, 218.
54 On images of consumer abundance under Stalin, see: Fitzpatrick, Everyday Stalinism, 90.
55 Iliukhov, 46.
Workers were commonly paid in food rations or a share of whatever workers produced. Meager rations proved a poor labor incentive, while money wages were not indexed to the prices of food and goods on the market during a period of severe shortages and hyperinflation. In the first years of the New Economic Policy, Soviet leaders gradually accepted that propaganda and slogans were not enough to motivate workers if they were struggling to meet basic needs; what was needed were tangible material incentives and wages that covered at least the minimum cost of living. Just as Lenin came to accept that the Communists could not abolish money immediately, he arrived at a similar realization regarding wages: “We should not count on going straight ahead to communism,” Lenin admonished in 1921, “We need to build every major branch of the economy on the basis of self-interest (lichnaia zainteresovanost).” From 1923-1924 onward, workers were increasingly paid in money, rather than in-kind. During the NEP, Soviet workplaces moved away from equal pay and increasingly implemented output-driven piece rate payment (sdel’naia oplata), despite Marx’s characterization of it in Capital as “the form of wages most in harmony with the capitalist mode of production.”

At the same time, and with the support of the trade unions, the Soviet government effectively narrowed differences in wages by repeatedly tinkering with the “tariff system” (tarifnaia sistema), a set of wage regulations rolled out across industries over the course of 1919-1921. The tariff system was supposed to establish a logical correlation between wages and skill levels, the difficulty and danger involved in performing certain jobs, and jobs’ overall importance to the economy. The first all-Russia tariff system comprised three overarching categories of high-, mid-, and low-skilled workers and 35 tariff grades. Within those grades, workers’ tariff rates, or base wages, consisted of coefficients of 1, the lowest rate paid to the lowest skilled worker in a given industry. The difference between the lowest and highest coefficient was set at 1 to 5. The tariff system was supposed to bring order to the chaotic wage levels resulting from inflation and utopian experimentation, and provide more

56 Iliukhov, 59.
58 Previously, the tariff system had only been used in the metal and printing industries.
effective incentives for workers to enhance their skills.\textsuperscript{59} However, as prices continued to rise during the Civil War, the lowest wages were raised to compensate and the difference in pay between unskilled and skilled labor was narrowed. The tariff system was reformed in 1921-1922, when the number of scales was reduced to 17. In 1927-1928, at the dawn of the industrialization drive, the tariff system was revised once again, now on the basis of a “declining curve”: the difference in coefficients between the tariff rates diminished as one went higher up the wage scale. Not all industries had the same number of skill grades; therefore, the wage difference between the lowest and highest coefficients was greater in industries with more categories of jobs, and lower in industries with less. For example, in the textile industry, it was 1 to 3.5 and in metalwork it was 1 to 2.8. This effectively narrowed the difference in base wages between high and low-skilled labor.\textsuperscript{60}

During the NEP, there was massive unemployment; however, the shift to rapid industrialization and the rise of the command economy created a shortage of workers by the end of the decade. Managers bid up wages in order to attract workers to their factories which, in turn, caused discrepancies in pay for the same jobs between enterprises and across industries, and contributed to massive labor turnover.\textsuperscript{61} Moshe Lewin famously called this chaotic state of affairs “a quicksand society”: workers, most of them low-skilled and of peasant origin, moved from factory to factory in search of real or fictitious differences in pay and provisioning while administrators, specialists, and officials left before they could suffer retribution for shortcomings in their performance.\textsuperscript{62} This caused bottlenecks and stoppages, and engendered discontent among high-skilled workers who were forced to do jobs below their skill level, while low-skilled workers were asked to perform tasks for which they were wholly unqualified.\textsuperscript{63}

In an oft-quoted speech to Soviet managers in 1931, Stalin singled out wage leveling as the primary cause of turnover and social and economic instability. He criticized the fact

\textsuperscript{59} See: Iliukhov, 39-41.
\textsuperscript{60} R.A. Batkaev and V.I. Markov, \textit{Differentsiatsiia zarabotnoi platy v promyshlennosti SSSR} (Moskva: Ekonomika, 1964), 42
\textsuperscript{61} Filtzer, \textit{Soviet Workers and Stalinist Industrialization}, 51-55.
\textsuperscript{62} Lewin, 221.
\textsuperscript{63} Filtzer, \textit{Soviet Workers and Stalinist Industrialization}, 59.
that, in many Soviet enterprises, there was no difference in the tariff rate paid to a sweeper versus that paid to a machinist, and little to no difference between wages in heavy and light industry. As a result, this caused the worker to have no interest in developing his skills: “he feels like a ‘summer visitor’ (dachnik) of industry, working only temporarily, ‘moonlighting’ a little bit and then taking off ‘to seek his fortune’ somewhere else,” Stalin claimed (emphasizes his).\(^{64}\) Stalin located the root cause of turnover in “the incorrect organization of wages, in the incorrect tariff system, in the ‘Left’ uravnilovka in the sphere of wages,” and accused those in the Party who supported wage leveling of “breaking with Marxism” and “breaking with Leninism.”\(^{65}\)

The “struggle against uravnilovka” became the banner under which wage reforms proceeded in 1931-1933. Murray Yanowitch suggests that this purported “struggle” was, in fact, a way of focusing attention on the need to effectively utilize monetary incentives to promote the development of scarce skills and disciplined work habits but, like the other campaigns of this period, it had “all the earmarks of a frenzied struggle against ‘enemies’.”\(^{66}\) As with the arguments that money needed to be abolished or that it was inherently capitalist, uravnilovka was called an ideological aberration espoused by Stalin’s enemies in the radical Left and the among the ‘petit-bourgeois’ Right opportunists.\(^{67}\) The trade unions, headed by Mikhail Tomskii, were accused of artificially narrowing pay between low- and high-skilled workers, increasing the tariff rate by limiting piece rates, and ignoring the interests of workers in the leading industries.\(^{68}\) Tomskii, who was forced out of his position in 1928 and later arrested during the Great Terror, was singled out as a Right Opportunist and proponent of “petit-bourgeois leveling,” accused of hindering the goal of increasing productivity.\(^{69}\)

During the Stalinist wage reforms, the Soviet government dramatically differentiated the wages of skilled and unskilled workers and raised wages in the so-called leading

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\(^{65}\) Ibid.


\(^{67}\) G. Arkad’ev, Marksizm-Leninizm v bo’rbe s mel’koburzhuaznom uravnilovkoi (Moskva: Partizdat, 1932), 17.

\(^{68}\) Iliukhov, 214.

\(^{69}\) Iliukhov, 215. In reality, as Iliukhov emphasizes, many of those accused of harboring “opportunist views” were merely carrying out orders from the Central Committee and, in some cases, from Stalin, himself.
industries, that is, in heavy industry like metallurgy and machine-building. Wages in heavy industry soon outpaced those in light industry, necessitating the introduction of a new minimum tariff rate of 110-150 rubles per month in November 1937. Following the wage reforms, workers’ incomes increasingly revolved around piece rates and earnings above the tariff rate, which was set deliberately very low as an incentive to produce more than the bare minimum required. Workers’ norms of production were revised and usually increased each spring. By the end of the decade, measures were put in place to restrict the population’s movement, penalize so-called “job-hoppers” (letuny), and reward disciplined workers who stayed put. Workbooks recording length of service and quality of labor were implemented: workers, at least principle, could not be hired without presenting this document and the workplace held on to the workbook while the worker was employed there.

Stalinist wage policy resulted in great variation in industrial workers’ earning capacities. Because of the piece rate system, workers’ individual incomes fluctuated from month to month, sometimes quite significantly depending on their norms and output, plus percentage deductions from their wages for taxes and subscriptions. In 1935, Aleksei Stakhanov mined a record amount of coal in a single shift at a Donbass mine, far overfulfilling his norm, a “spontaneous” but, in fact, carefully planned act that began a mass movement to emulate his example. Stakhanovism produced an explosion in earnings for those who could keep up with faster and increased norms, but for regular workers, it could reduce their pay because they were expected to produce more to retain their original amounts.70 Managers regularly overspent from the wage fund to compensate model employees who overfulfilled their norms. Overfulfilling the norm soon became the norm. A discrepancy emerged between wages disbursed and the sum of money earmarked to pay them, that is, their enterprise’s share of the centrally planned “wage fund” (fond zarabotnoi platy) allocated to pay wages across all industries.

During the Second World War, the pressures placed on the civilian front caused wages to rise, on average, but these gains were not evenly distributed. For obvious reasons,

70 Donald A. Filtzer, Soviet Workers and Stalinist Industrialization, 179, 186.
wages in the food production industry saw lower growth, rising by only 2.5% by the middle of the war, compared to 25-35% rises in paper, textiles and other branches of light industry, and over 50% rises in the tank, weapons, and ammunitions industries.\textsuperscript{71} In March 1943, coal workers’ wages were significantly increased, making them the third highest-paid industrial workers in the Soviet Union behind the weapons and tank industries, up from tenth place in the first half of 1941.\textsuperscript{72} Average wages across all branches of industry rose from 373 rubles in 1940 to 542 rubles per month by 1943. Over the course of the war, the annual wage fund increased, from 162 billion in 1940 to 195.6 billion in 1945.\textsuperscript{73} Stalin’s harsh wartime labor laws, which criminalized breaches of labor discipline such as tardiness and willfully leaving one’s job, contributed to rising average wages by intensifying output pressures, increasing mandatory work time, and prohibiting holidays.\textsuperscript{74} The labor laws, which had been promulgated before the war began, remained on the books until 1956.

As Donald Filtzer observes, Stalinist wage policy was essentially coercive in character; however, the system never quite worked as intended.\textsuperscript{75} It gave rise to many abuses which only worsened after the war. Because they were ultimately responsible for their workers’ unsatisfactory performance, managers manipulated their workers’ norms in order to more easily meet and overfulfill them, and they gave their workers “specious and sometimes totally illegal” bonuses.\textsuperscript{76} Workers shied away from difficult jobs in favor of more profitable tasks that made it easier to overfulfill norms. Many received bonuses that were paid automatically, rather than for any specific accomplishment. Piece-rate workers’ earnings more than doubled after the war because of the artificially low norms offered to newer workers entering the workplace after the war, including women and youth, while

\textsuperscript{71} RGASPI, f. 82, op. 2, d. 797, l. 65.
\textsuperscript{72} RGASPI, f. 82, op. 2, d. 797, l. 66. The wage fund was centrally determined based on the previous year’s performance and changes in the size and qualifications of the labor force, as well as expected productivity. On the wage fund, see: Alec Nove, \textit{The Soviet Economy}, 132-134.
\textsuperscript{73} RGASPI, f. 82, op. 2, d. 789, l. 108.
\textsuperscript{76} Ibid.
time-workers’ earnings declined, since they had no norms to over-fulfill, and some were placed on higher pay scales to compensate.77

Khrushchev thus inherited a wage system in dire need of repair. In mid-1955, a new institution was created, the Committee on Questions of Work and Wages under the Council of Ministers, to study wage questions, propose policy options, and exercise oversight over the reform process. Among its tasks were devising new “technically sound” (tekhnicheski obosnovannye) tariff rates, reworking bonuses, and devising new, more rational (and harder to manipulate) norms. Prior to its creation, there was no body below the Council of Ministers that examined such questions.78 This approach to wage reform reflected a new way of thinking about pressing economic problems, as Alistair McAuley observes: it proceeded with an emphasis on sociological and scientific underpinnings, reflecting a renewed interest in the social sciences at the time.79 It was measured and gradual, by contrast to the traditional Stalinist economic approach of “storming.”80 High earning workers did not have their wages slashed; rather, their wages were to be restructured and “rationalized” at no loss to those workers if they continued to put in real quality work.

In his speech at the Twentieth Party Congress, Khrushchev nevertheless harshly chastised ministries, departments and the trade unions for knowingly allowing wage problems to go on for far too long. It was not uncommon to find uravnilovka in wages, as well as discrepancies in pay for the same jobs across various enterprises and even within a single industry, he explained. Some wages were set far too low, while some constituted “unsupportable excesses.” A massive political and economic task thus fell to the Party: to impose order upon labor compensation. Khrushchev reiterated Lenin’s 1921 argument that “we need to build every major branch of the national economy upon self-interest.”81 This involved establishing a more direct relationship between wages and the quantity and quality

77 Filtzer, Soviet Workers and De-Stalinisation, 93-94.
78 Alec Nove, The Soviet Economy: An Introduction (New York: Praeger, 1969), 131-132. Initially, wage setting was the Commissariat of Labor’s responsibility and when that organ was abolished in 1934, some of its functions were absorbed by the Central Trade Union; however, the latter was not part of the government per se and decisions about wage grades did not fall under its purview.
79 McAuley, 152.
80 Ibid.
81 Ibid.
of labor performed by ordinary workers, while skilled workers’ and managers’ wages should be more clearly linked to performance indicators. Khrushchev promised that the correct resolution of this problem would both promote labor productivity and raise the people’s material welfare.

Over the course of the wage reform process, Khrushchev repeatedly emphasized that he was not endorsing uravnilovka and sought to distance this concept from its Stalin-era connotations. The “struggle against uravnilovka” was reframed as a Leninist imperative. A 1959 booklet entitled “Why We Are Against Uravnilovka” explained that: “The principle of material stimulus was developed by Lenin. He based this on the general experience of socialist construction in the USSR, the experience of organizing the payment of labor.”82 The only way to get tens of millions of workers on the correct path to communism, it claimed, was the correct employment of his principle of “self-interest in the results of one’s labor” (lichnaia zainteresovannost’ v rezultatakh truda).83 In the ‘new’ struggle against uravnilovka, the material wellbeing of low-skilled and low-priority workers, not simply those who were of most immediate use to the state’s economic goals, would be raised while preserving the opportunity to earn more money as an incentive for improving skills, working in a disciplined manner, implementing rationalizing methods in the workplace, and achieving high productivity.

**Narrowing the Industrial Wage Gap**

By the time of the Twentieth Party Congress, the lowest tariff rates in many industries had not been increased in about ten years, and these were grossly insufficient as sole sources of income given the current cost of living. In September 1956, the government decreed that, as of January 1, 1957 the minimum tariff rate for full-time workers and employees across all industries should be no less than 300 to 350 rubles per month, while all remaining workers and employees should be paid no less than 300 rubles in the cities and

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83 Ibid.
270 rubles in rural areas. Minimum wages were exempt from income tax. The decree assigned 8 billion rubles from the state budget to offset the cost of raising low wages by an average of 33%. “This is a happy day for us,” a cleaning lady at a Leningrad school reportedly declared in response: “The extra pay will be very noticeable, and it’s significant that we won’t have to pay taxes on it. Our own government found the money for this. 8 billion rubles – that’s no small sum.”

In fact, the impact of the new minimum wage was rather limited. For one thing, the lowest tariff rate was a deceptive measure of a worker’s total income because of the piece-rate system and due to ongoing norm manipulations: workers who earned the lowest tariff rates could take home substantially higher incomes than workers with higher tariff rates, in practice, because they were given lower norms, which they then overfulfilled. Some workers also earned “progressive piece rates” (progressivno-sdel’naia oplata): unlike ‘straight’ piece rates which were proportionate to output, progressive piece rates increased per-unit compensation for whatever amount was produced over the norm. Progressive rates could double or treble payment for output above the norm and, in some industries, even kicked in below 100% of the regular norm.

More importantly, the minimum wage raise did not address the fact that a majority of the Soviet Union’s lowest-paid workers were female, concentrated in low-priority industries and in the most poorly paid jobs. Gender was rarely acknowledged as a factor that impinged upon workers’ earning capacity, but its effects were palpable. The Committee on Questions of Work and Wages explored the possibility of a wage discrepancy between working men and women in the Soviet Union and, in 1957, concluded confidently that it did not exist. There was absolutely no difference in earnings between men and women who received fixed salaries (oklady), it reported, while for piece-rate workers, the tariff rates and piece rates

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84 “O povyshenii zarabotnoi platy nizkooplachivaemym rabochikh i sluzhashchikh,” Pravda, September 9, 1956, 1.
86 Abel Gezevich Aganbegian, and V. F Maier, Zarabotnaia plata v SSSR: nekotorye voprosy teorii i praktiki (Moskva: Gosplanizdat, 195), 222.
87 Nove, The Soviet Economy, 133.
men and women earned were also absolutely identical.\textsuperscript{88} “All workers, whether they are men or women, who have the same qualifications, receive equal pay for equal work,” it observed.\textsuperscript{89}

Wages were highest in heavy industry, which was dominated by male workers, while wages were lowest in light industry, which was dominated by female workers. By 1956, a skilled coal miner in the RSFSR earned an average of 1784 rubles per month, according to family budget studies, over three times more than a low-skilled industrial seamstress, who earned an average of only 565 rubles.\textsuperscript{90} If one takes skilled and low-skilled coal workers’ wages together, the average was still over twice the amount of skilled and low-skilled textile workers’ average wages. Soviet statisticians downplayed the size of the wage gap between these workers, emphasizing that coal workers tended to have larger families to take care of, which diminished pay per family member, while the textile industry featured far more single persons.\textsuperscript{91} Although not explicitly stated, this undoubtedly referred to single women. Two years later, the wage gap was approximately the same: an average coal worker earned 1617 rubles per month, while an average textile worker earned 707.\textsuperscript{92}

In 1956-1957, the Committee on Questions of Work and Wages contemplated how best to revamp the tariff system, which not been subject to comprehensive reform since 1931, merely piecemeal changes to tariff rates within industries and categories of jobs. The tariff system, they admitted, had lost its “regulating power” over wages. By 1956, the tariff rate constituted an average of only 45-55\% of piece-rate workers’ overall pay.\textsuperscript{93} By contrast, it represented 65-75\% of time-workers’ pay.\textsuperscript{94} One of the wage reform’s primary goals, thus, was to make the tariff rate the most significant component of wages once again and an amount of money that served as an effective incentive to be productive in and of itself. Although piece-rate payment was not abandoned, progressive piece rates were scheduled to

\textsuperscript{88} GARF, f. 9595, op. 1, d. 33, l. 31.
\textsuperscript{89} Ibid.
\textsuperscript{90} Ibid. GARF, f. a374, op. 30, d. 10132, l. 13.
\textsuperscript{91} Ibid.
\textsuperscript{92} GARF, f. a374, op. 31, d. 2069, l. 78.
\textsuperscript{93} R. A. Batkaev and V. I Markov, \textit{Differentsiatsiia zarabotnoi platy v promyshlennosti SSSR} (Moskva: Ekonomika, 1964), 45.
\textsuperscript{94} Batkaev and Markov, 45.
be phased out. Opportunities to manipulate norms were to be curbed and norm-setting devoted to local enterprises, ending the practice of announcing new norms in the spring. Simultaneously, the wage reform sought to reduce and simplify the number of wage grades and rates and eliminate the patchwork of anomalies and discrepancies that existed after years of decentralized adjustments.95

On April 22, 1958, the Soviet government unveiled its plan to restructure high wages in heavy industry, alongside the introduction of shorter six- and seven-hour workdays.96 Workers in coal and other heavy industries would be gradually moved to a six-hour workday by the end of the year, while all other industrial workers would be moved to a seven-hour workday. Some workers in these industries in the Donbass region had already been shifted to six- and seven-hour workdays in 1956-1957. In November 1958, new tariff rates were announced for machine-building, oil, and gas workers, putting them up to 70-75% of overall compensation for piece-workers and 75-85% for time-workers.97 In a September 19, 1959 decree, the six- or seven-hour workday and new regulated wages were extended to the entire Soviet people: by the end of 1960 all workers would work only six hours per day, and by 1962, new pay conditions would be put in place across all of Soviet industry increasing the significance of the tariff rate.98

Another important component of the reform was reducing the weight of bonuses in overall income, especially in managers’ and skilled workers’ salaries. In principle, according to a 1929 decree, bonuses were to be paid for economizing on materials, efficiency, increased output, quality labor, implementing safety provisions, and technical and economic advances. They were to be paid out, at most, every six months or at the end of a season’s work; however, over the course of the Stalin period, they steadily increased as a percentage of

95 Filtzer, Soviet Workers and De-Stalinization, 97.
97 “V tsentral’nom komitete KPSS Sovete Ministrov i VTsSPP: o perevode na sokrashchenii rabochii den’ i uporiadochenii zarabotnoi platy rabochikh i sluzhashchikh mashinoostroitelnoi, nefteianoi i gazovoi promyshlennosti,” Izvestiia, November 4, 1958, 1.
98 “V tsentral’nom komitete KPSS, Sovete Ministrov SSSR i VTsSPP; o srokakh zavershenii perevoda na sokrashchenii rabochii den’ i uporiadochenii zarabotnoi platy rabochikh i sluzhashchikh,” Izvestiia, September 20, 1959, 1.
overall income, and were paid out more frequently and for no specific accomplishment. By the mid-1950s, workers had come to see bonuses as a guarantee, and they had long been manipulated by managers and paid out for a wider array of criteria than those specified by regulations, often to smooth over labor disputes and to prop up time-based wages. The wage reform envisioned more firm wage levels for ITR and white-collar employees, and premiums that depended upon real results, bringing an end to regional bonuses and sums that reflected “narrow institutional interests” (vedomstvennost’). A law of July 2 1959 set a cap on bonuses, which were no longer allowed to exceed 60% of the basic monthly salary for managers and engineers in heavy industry and 40% for personnel elsewhere.

According to Soviet economists, Khrushchev’s wage reforms preserved the principle of wage differentiation while they “resurrected the decisive role of the nation-wide tariff system.” Donald Filtzer, in his meticulous analysis of the wage reform, grants that it reduced the number of workers on piece rates, which reduced the pressure on workers to overfulfill norms, and the government’s wage spending dropped while overall productivity rose. However, these achievements were predicated on the gendered division of labor in the Soviet economy and they obscured how the reform disadvantaged women, whose wages were low to begin with and who tended to be employed in tasks that gave them less control over the labor process and less leverage to extract “looser norms.” This allowed local managements and the Soviet regime to tolerate violations of wage and norm regulations designed to protect the earnings of privileged male workers in favored industries and trades. Valued, usually male, workers continued exert influence to protect their high earnings, and managers continued to overspend on wages. Wage anomalies across industries persisted. Managers continued to pay out bonuses for dubious achievements. Although the wage reform sought to reestablish the relationship between the price paid for

99 Ibid. 100 Filtzer, Soviet Workers and De-Stalinization, 113. 101 RGANI, f. 5, op. 30, d. 216, l. 30-31. 102 Matthews, 93. 103 Batkaev and Markov, 46. 104 Filtzer, Soviet Workers and De-Stalinization, 101. 105 Ibid. 106 Ibid.
labor power and the amount of labor performed, a relationship that had broken down under the pressures of industrialization and in the last years of Stalinism, it did not, as Filtzer observes, “succeed in turning Soviet wages into a coherent, predictable, and centrally controllable system of incentives.”

The Real Value of Wage Regulation

Khrushchev’s wage reforms promised to support the Twentieth Party Congress’ stated target of a 40% increase in real wages. In order to deliver upon this promise, the sum of money that was released into Soviet workers’ hands in the form of nominal wages had to be paired with approximately the same value of goods for purchase, it was held; otherwise, it would throw off the balance of the population’s income and expenses and lead to a decline in their purchasing power. Too much money in circulation combined with shortages in state stores caused market prices to rise, as Soviet citizens had learned all too well during the war. By the early 1960s, as the economic difficulties described in the previous chapter began to be felt, many began to question the real value of Khrushchev’s wage reforms. As the growth of real wages slowed, it brought the ongoing material inequalities between high- and low-paid workers and between the masses and elites into relief once more.

Regulating the money supply as the wage reforms were implemented was challenging. As already noted, some workers in heavy industry managed to protect their high wages after the new regulations went into effect. In spite of the new technically sound norms, the pressure to enthusiastically meet targets was not eased and managers continued to overspend from the wage fund in order to do so. Valued workers and their bosses colluded to work around the new strictures, behavior Soviet central government officials viewed as nothing short of sabotage. Wage overspending was seen as the main cause of excess money in circulation, threatening real wages by creating “artificial demand” for consumer products. The Council of Ministers warned local authorities that the central government would not release more goods from central supplies to help absorb the extra

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107 Filtzer, Soviet Workers and De-Stalinization, 102.
108 RGANI, f. 5, op. 30, d. 266, l. 118.
money in circulation it caused.\textsuperscript{109} The Soviet central government pushed for the creation of a better balance between wages and consumer goods drawing upon local resources, resulting in a decree to that effect on January 2, 1959. “If we continue to overspend from the wage fund, there will not be enough goods and it could lead to financial difficulties for our country. This needs to be understood,” Khrushchev told the May 1959 Plenum of the Communist Party. “Liberal” managers caused great damage to the government and should not be tolerated, he maintained. “I don’t know which whip we should chase them from the Party with,” he went on, “But we need to give them the bum’s rush, because they are our enemies and not our friends.”\textsuperscript{110} He pushed to prohibit the practice of moving goods to areas where they were in deficit due to wage overspending, suggesting that local authorities would pay more attention to the problem and would be more disciplined about it if they suffered the consequences in the form of shortages.\textsuperscript{111}

Wage overspending after 1958 contributed to an existing oversupply of money in areas of the country where heavy industry was concentrated. Higher wages were offered not only as incentives to boost miners’ and other heavy-industry workers’ individual productivity, but also to attract them to remote areas and to dangerous and backbreaking lines of work. Following decrees in August and November 1945, workers in the far North received a 10\% increase on their tariff rates or salaries for every 6 months they remained there; in comparable areas outside the far North, they received an increase of 10\% per year.\textsuperscript{112} In August 1946, workers and ITR in the Urals region, Siberia and the Far East were given a 20\% increase in their wages as compensation for the harsh climate and the difficulty of their labor.\textsuperscript{113} Only a small number of workers were eligible for these benefits; however, by 1956, they cost the government around 6 billion rubles per year.\textsuperscript{114} Some categories of workers earned 3000-4000 rubles per month in Northern bonuses alone, regardless of the

\textsuperscript{109} Ibid.
\textsuperscript{110} RGANI, f. 5, op. 20, d. 169, l. 9.
\textsuperscript{111} Ibid.
\textsuperscript{112} RGANI, f. 5, op. 30, d. 217, l. 9
\textsuperscript{113} See: “O povyshenii zarabotnoi platy i stroitel’stve zhilisheh dlia rabochikh i inzhenerno-tekhnikeskikh rabotnikov predpriiatii i stroek, raspolozhennykh na Urale, v Sibiri i na Dal’nom Vostoke,” Sobranie postanovlenii i rasporiazhenii soveta ministrov, no. 12 (October 14, 1946): 226.
\textsuperscript{114} RGANI, f. 5, op. 30, d. 217, l. 9-10.
quality of the work they put in.\textsuperscript{115} With the wage reform and the push for more rational government expenditures in the late 1950s and early 1960s, many of these bonuses were eliminated or reduced on the grounds that they had become entitlements, rather than rewards for performance.

These workers nevertheless continued to earn some of the highest wages in the Soviet Union, which often left them with money to burn. However, consumer goods typically did not reach their settlements in a timely manner and in sufficient supply. The post-1947 unified retail prices of consumer goods in the country’s most distant regions were the highest in the Soviet Union, but higher prices did little to sop up excess cash in circulation when factory shops’ shelves were bare. Cheap alcohol was, perhaps, the one product that consistently made it to these regions. Excess cash was frequently cited as the cause of widespread alcoholism and binge drinking among miners. Payday drinking was so common that miners’ wives sometimes gathered at the factory to intercept their husbands’ wages before they could be squandered on liquor.\textsuperscript{116} One mine manager offered a candid explanation for the miners’ excessive drinking: “There’s a lot of money around, and there isn’t always something to spend it on. The demand for manufactured goods exceeds supply. People want worthwhile, costly articles – pianos, for instance. It’s absurd how few pianos we get for sale.”\textsuperscript{117}

These consumer deficits persisted throughout the wage reform process. As a result, in spite of their privileged position vis-à-vis low-priority workers, many of the Soviet regime’s most valued workers in heavy industry perceived a vast gulf between their living standards and those of management. In April 1962, a group of miners in Rostov oblast’ wrote a scathing collective letter of complaint, in which they depicted conditions as little improved from the Stalin years. They criticized the fact that “goods arrive at our trade base, but we never see them,” suggesting they were snapped up by workplace elites with privileged first access, or they were stolen by trade employees and diverted to the market. “Nikita

\textsuperscript{115} Ibid.\\textsuperscript{116} I. Aralichev, “Otkrovennyi razgovor,” \textit{Trud}, November 7, 1956, 2.\\textsuperscript{117} Ibid.
Sergeevich, we would very much like to know how much longer the Party’s leaders plan to live only for themselves and their near and dearest,” they demanded, “for it is patently obvious that they live nothing like our workers. This is unacceptable.” They claimed that workplace authorities cared only about the production plan and how to fulfill it, regardless of any defects that went into the work – not so subtly hinting that Khrushchev’s new technically sound norms and rational use of resources went out the window to fulfill the plan, as per usual. Their superiors also gave no thought as to how they lived: they were not concerned that the stores had nothing to sell, that workers were living in overcrowded barracks with some families resigned to the hallways or to rooms intended for single persons and pensioners, or that, as a result of plumbing problems, their water pressure had reduced to “teardrops.” The miners’ claims were considered sufficiently serious to be investigated by the head of the local Party executive committee. He dismissed their complaints as unfounded, assuring the central government that their ORS had a sufficient supply of meat, milk and sausages for sale, and the settlement’s plumbing and barracks were simply under renovation.

Workers in heavy industry may have earned big money, but it could be useless in the improvement of their living standards amid severe deficits of consumer goods in the areas where they lived, and without the privileged access and blat elites continued to possess and make use of. Based on his interviews with Soviet émigrés in the 1970s, the British sociologist, Mervyn Matthews observed that the elimination of Stalinist cash allowances for the Party was simply replaced by the expansion of the Kremlin ration system and by not-so-secret closed distribution practices. These included handing out special vouchers allowing recipients to shop in stores which appeared, from the outside, not to be stores at all, and which gave elite shoppers access to deficit Soviet goods and, in some cases, selected Western goods. The retail trade system was nominally open following the end of rationing in 1947,
but it remained tiered, in practice, and its consumer benefits were closed off to many ordinary citizens.

Although Khrushchev scaled down many of the nomenklatura’s most obvious non-monetized material privileges, reducing their free or discounted access to cars, dachas, furniture and holidays, this economizing did not apply to the government as a whole. In 1959, the nomenklatura’s access to personal cars was restricted in an effort to “liquidate excesses” and cut government expenditures on the cars’ maintenance. Those who previously had the right to a car were to be compensated with a monthly bonus (1000 rubles for those with the personal right to a car, 500 rubles for those who had as-needed access to it), to offset the costs of their transportation and encourage them to be economical about their use of cars. The reform was unpopular among officials and was almost immediately supplemented by a secret decree allowing top officials to continue to use cars, excluding regional secretaries. A larger divide began to emerge between the living standards and material privileges of top Party members and those of lower level functionaries, and between Party and government organs, in the late 1950s and early 1960s.

Low-income members of Soviet society were triply disadvantaged, having a deficit of money, access, and personal connections to draw upon. They often struggled to afford food and basic necessities, let alone consumer luxuries. With the shift away from Stalin’s paternalistic consecutive price reductions toward Khrushchev’s more abstract “economically sound” price policy, low-earning citizens were left wondering when the new celebrated consumer goods would become more affordable on their wages. Khrushchev, himself, hinted that his wage reforms were widely seen as less effective than price reductions on this score. As he complained in May 1960, “Some comrades have stumbled into pushing us only toward lower prices, they think this is the only way to improve workers’ living standards.” Khrushchev promised that: “We have not lost sight of lowering prices, but you need to recognize the unequal conditions this creates for workers if you only go down this path, that

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124 Konovalov, 18.
is, the path of lowering prices, and if you don’t achieve harmonization, pulling the lowest wages up to the highest. It’s well known that the greatest advantages to be gained from lower-priced goods go to the categories of workers that receive the highest wages.”

He then reiterated that he and the Party were staunch opponents of uravnilovka, admonishing that: “This was fully explained by V. I. Lenin. We need to steadfastly adhere to Lenin’s teachings about self-interest and workers’ labor on behalf of socialist society.” He concluded that narrowing the industrial income gap was a higher priority than reducing prices: “after the Second World War, too large of a gap appeared between the incomes of different categories of workers and that gap needs to be closed.”

Many workers did not see the state’s promised increases in nominal or real wages materialize. Indeed, as already mentioned, wage spending went down on the whole. By late 1960, as Gosbank officials reported, of the 65.7 million rubles (new money) allocated to the wage fund that year, only 65 million was spent, which it interpreted as proof that wage expenditures were proceeding more “frugally” (ekonomno). At the same time, they noted that many enterprises, especially in heavy industry, were doing a poor job of implementing the January 2, 1959 decree on balancing wage payments with local supplies of consumer goods, and continued to overspend on wages. In 1959 and 1960, the RSFSR had overspent, on average by 12.4 and 11.3%, respectively. In some industries, overspending actually went up after the wage reform began: the machine-building and metalworking industries overspent on average by 17.1% per month, up from 13.9% in 1959. Overspending was chalked up to poor implementation of new technology and procedures, as well as “excesses” and violations of wage-setting for some categories of workers. If wage spending was going down on the whole, it was because wages were primarily being constrained in light industry and low-priority branches of the economy, but not to the desired extent in heavy industry.

125 “Ob otmene nalogov s rabochikh i sluzhashchikh i drugikh meropriatiakh,” 3.
126 RGANI, f. 2, op. 3, d. 364, l. 28.
127 RGANI, f. 2, op. 3, d. 364, l. 29-30.
128 RGANI, f. 2, op. 3, d. 364, l. 31.
129 RGANI, f. 2, op. 3, d. 364, l. 30.
Even in nominal terms, average wage growth did not proceed at its predicted pace in the first years of the Seven-Year Plan. As A. Volkov and V. Grishin, of the Committee on Questions of Work and Wages and the Central Committee, respectively, indicated in a November 1961 memorandum to Khrushchev, the average worker’s wage had only grown by 9.3% over the period 1959-1961, well below the 14% predicted in control figures.130 By 1962, the average wage was anticipated to drop 42 rubles lower than control figures.131 This was chalked up to the various measures put in place to constrain wage spending and to industries waiting until the last possible moment to put mandated wage regulations and new norms into place. Reduced bonuses for “length of service” (vysluga let) and for working in remote and Northern areas, as well as changes to the manner in which premiums were awarded, had resulted in ‘savings’ of 700-750 million rubles for the government, accounting for the slower than anticipated growth of the average wage.132

At the Twenty-First Party Congress in February 1959, the Soviet government had pledged another minimum wage raise by 1962, bringing it up to 40-45 rubles [new money] per month on the basis of a 40-hour work week. The raise would apply to 22 million workers’ wages across the Soviet Union.133 By 1962, the lowest paid workers were concentrated in education, healthcare, socialized amenities, and other branches of the economy “providing services to the population” such as childcare providers and cooks – within these industries, more than 25% of all workers, more than 5 million people, received wages below 40 rubles per month.134 Although not acknowledged in the report, these were among the most highly feminized industries and professions in the Soviet Union.

In their memorandum, Volkov and Grishin highlighted the problems the Soviet government could anticipate if it persisted in raising the minimum wage as promised under current economic constraints. The government had initially planned to spend around 800 million rubles to raise the minimum wage, a sum that was later reduced to 200 million

130 RGANI, f. 2, op. 3, d. 364, l. 75.
131 Ibid.
132 RGANI, f. 2, op. 3, d. 364, l. 77.
133 Ibid.
134 Ibid.
rubles and was again on the chopping block. More distressingly, real wage growth was not hitting its targets under the Seven-Year Plan. Using provisional estimates for 1962, they predicted that real wages would grow by only 13.6% in the first four years of the Plan. Of those 13.6%, they calculated that 9% was derived from nominal wage increases, 2% as a result of lower prices, 0.8% as a result of lower taxes, and 1.8% as a result of social security benefits (l'goty iz obshchestvennykh fondov). In order to hit the stated target of 40% increase in real wages, their annual growth would have to be 7.2% per year. They requested that Khrushchev expand socialized amenities like laundries and repair centers in order to give citizens something else to spend their money on. If these services could not be organized and consumer goods could not be found, they recommended that the minimum wage raise should be excised from the wage reform process and postponed as late as possible.

The slowing growth of real wages was finally addressed during a May 31, 1962 meeting held to revise control figures for the remaining Seven-Year Plan. The planned minimum wage increase scheduled to go into effect that fall was finally postponed to 1963, as wage experts had been pushing for, and the one that had been planned for that year was pushed back to 1964. A. F. Zasiad’ko, the head of Gosekonomsotvet, also asked to postpone the ongoing elimination of taxes (more on that in Chapter Five), arguing that these measures were necessary to balance the population’s income and expenses. Khrushchev consented, but not before launching into a tirade about the seemingly perpetual imbalance between wages and goods for purchase in the Soviet economy: “It’s killing us now,” he claimed, “And that’s why the ordinary man goes: ‘We want to buy meat.’ And meat [production] has gone up, but only we know that, and the people don’t live on stats, they live on kilograms and grams, and they can’t buy meat. Why? Because we couldn’t afford to increase payments to

135 RGANI, f. 2, op. 3, d. 364, l. 78.
136 RGANI, f. 2, op. 3, d. 364, l. 79.
pensioners and other categories [of low-paid citizens].” He complained that, on paper, a harmonious balance between money and goods had been achieved and asked dourly: That’s great, but why do we have more money than we have goods?  

The next day, June 1, the new higher retail prices for meat and butter were announced to the public. As discussed in Chapter Two, this led to a violent confrontation in Novocherkassk, where managers had announced the introduction of lower piece rates in connection with the wage reforms only the day before. Another group that was particularly distraught at the prospect of higher prices was those who survived on inflexible incomes, a group whose number had increased substantially as the new wage regulations were implemented because they placed more workers on less lucrative time-based wages and restricted this group’s ability to supplement them with bonuses. It also encompassed millions of old-age pensioners who received fixed amounts based upon pre-pension earnings, and millions of mildly disabled citizens who were required to work in order to receive their benefits but were typically resigned to the most simplified and lowest-paying jobs.

Able industrial workers earning piece rates had, to a greater or lesser degree, the ability to increase their output and earn more money through harder work or cleverer schemes. Those who earned inflexible incomes had few legal strategies at their disposal to adapt to economic shifts; increases in their living standards thus depended more directly upon state interventions like reduced retail prices and injections into household income. “I am a second-group invalid since childhood, I work, I receive a salary plus a pension totaling 85 rubles [new money],” Nikolai Federovich Zlobin, a disabled 25 year-old worker from Krasnodar, wrote in June 1962. “For each member of my family, that works out to be about 20 rubles. But can I, in fact, eat and buy clothes and shoes for 20 rubles?” he demanded. Zlobin wrote that he was on his second day of skipping meals so that his children could eat and it had been three months since he had last been to the cinema. He appealed directly to

139 “Stenograficheskaia zapis’ zasedaniia Prezidiuma TsK KPSS,” 566.
140 In some industries, piece-workers could earn up to twice as much as time-workers in their same skill grade. See: Filtzer, Soviet Workers and De-Stalinization, 105.
Khrushchev: “I’m asking you: what can I do? I can’t steal because I’m a legless cripple, and I can’t earn more money...” Amid a confluence of dismal economic trends, the Soviet state asked for his patience and, in the meantime, told him to tighten his belt.

**Conclusion**

During the Soviet Union’s ascent to communism, “distribution according to labor” (*raspredelenie po trudu*) supposedly governed access to the material benefits of membership in the socialist collective: since there was not yet a sufficient supply of goods to distribute solely on the basis of need, as would be the case under communism, and labor was not yet performed for its own sake but to secure the means of existence, the main factor determining distribution was the quality and quantity of one’s labor, expressed as a money wage.\(^{141}\) According to Khrushchev-era logic, this provisional relationship – between labor performed, financial compensation for it, and money’s function in determining one’s share of food and consumer goods – grew distorted under Stalin. The lowest wages scarcely took need into consideration, while high wages became the result of status and entitlements, as well as skillful maneuvering, rather than the “results of one’s labor.” Excessively large wages, in turn, facilitated the moral decay of socialist society. As Khrushchev’s wage reforms attempted to recalibrate the relationship between labor, money and consumption, Soviet citizens were promised more goods and, if they worked harder and more efficiently, more money to spend on them. However, the Soviet Union never managed to achieve the high level of consumer output this promise depended upon. In the absence of the necessary goods, more money in circulation tipped the balance of the population’s income and expenses, which had ripple effects throughout the economy that undermined money’s real value.

Khrushchev, as evidenced by his reaction during the May 31, 1962 meeting discussed above, appears to have believed the government did not hand over *enough* money to low-income citizens. Sergei Khrushchev similarly portrays his father’s initiatives as stymied by bean counters in the Soviet government. He suggests the elder Khrushchev knew that his

\(^{141}\) See, for example: Mariia Dynina, *Kak organizovana zarabotnaia plata rabochikh* (Moskva: Gos. izd-vo polit. lit-ry, 1961), 3-4.
minimum wage raises and the abolition of taxes amounted to little more than “crumbs,” but nothing more could be obtained because the Ministry of Finance “grumbled.”142  “Father understood their problems, financial officials’ business is to offset expenses with income, to bring about an increase in the latter,” he wrote, “But you also can’t forget about the people, about the fact that the budget is for the people and the people are not for the budget.” Nevertheless, as he acknowledged, raising the people’s real wages was trickier than raising nominal wages: “That’s why you have to constantly balance, scrupulously monitor the relationship between expenses and income. God forbid money payments in ‘empty’ uncovered (neobespechennye) rubles should exceed the amount of consumer goods issued... ‘Spare’ money simultaneously emptied the kiosks and necessitated bringing back rationing... Father did all he could to make sure the past was not repeated.”143

For obvious reasons, Khrushchev’s efforts to reduce income inequality lost him the support of well-paid elites whose privileges were reined in, and managers and workers who financially benefitted from the various opportunities to manipulate Stalinist wage policy which were curtailed. They also failed in the eyes of many low-earning citizens who, in principle, stood only to gain. Minimum wage increases were modest, and they were not accompanied by any serious reassessment of income inequality and its larger consequences for Soviet socialist society. Privilege persisted in spite of Khrushchev’s frugality rhetoric, contradicting his image as a defender of the common folk’s interests and his incessant invocation of Marxist-Leninist fundamentalism. As one anonymous writer from Leningrad asked sarcastically after the price increases in June 1962: “The average state farm worker earns 40-50 rubles [new money] per month... And just how much does a member of the Central Committee earn? How much did Lenin earn?”144 Another letter writer fumed that: “We gave our labor and keep on giving it – but to whom? To false leaders. We received miserly pay for our work and we’re still receiving the same pay. Who pays us this tiny

142 Sergei Khrushchev, Nikita Khrushchev: reformator; trilogiia ob otse (Moskva: Vremiia, 2010), 355.
143 Ibid.
144 GARF, f. 5446, op. 96, d. 1327, l. 1.
amount of money? Those liars.” As Sheila Fitzpatrick and Vladimir Kozlov note, praise for a golden age of “true Marxism-Leninism” and complaints about the Soviet leadership’s distortions became regular features of seditious sentiment after Stalin, a phenomenon they link to the Party’s new approach to social policy and increased investment in consumer goods, which simultaneously resulted in increased social stratification and growing privileges for Party bureaucrats.

Despite his best efforts, Khrushchev’s wage reforms held less popular appeal as a tool for improving living standards than Stalin’s retail price reductions. Though they did nothing to solve the problem of insufficient output and even exacerbated it, price reductions directly benefitted those living on inflexible incomes, because these individuals and their families were most acutely affected by high static prices in the state sector of the economy and by inflation and price spikes in the market. This is not to suggest that the minimum wage increases played no role in raising living standards and were not felt at all. More money in hand certainly did matter to those who earned the lowest amounts, for whom the cost of living was a daily struggle. Some workers surely benefitted financially from the monetary awards associated with more rational and efficient performance of their jobs. Yet, because Soviet consumption was a complex, constantly shifting balance of access, availability, prices and financial resources, more money was not always all that was needed depending on where one lived, what one did for a living, and who one was within the Soviet social hierarchy.

146 Sedition, 288