



## Panel report: Money and shortness of money in the Soviet Union after 1945

Zurich, June 7, 2019, 5th Swiss Congress of Historical Sciences

*Convener: Ekaterina Emeliantseva-Koller*

*Participants: Ekaterina Emeliantseva-Koller / Kirsten Bönker / Ksenia Tatarchenko*

*Comments by Alexei Tikhomirov*

### **Report by Barbara Martin, Associated researcher of the Pierre du Bois Foundation**

Economic equality was supposed to be the hallmark of communist societies, in contrast to the social inequalities characteristic of capitalism. However, in the context of the Cold War, this equality could no longer be achieved at the cost of levelling down the standards of living, as had taken place after the October Revolution. Instead, the rise of wages and improvement of living conditions were meant to demonstrate the superiority of the "Soviet way of life" on a material level. Although official propaganda still condemned "bourgeois" consumerism, the Soviet leaders sought to satisfy the growing needs of Soviet consumers. Yet shortages remained a staple of Soviet life, and personal connections and the black market introduced inequalities in terms of access to scarce goods, particularly those manufactured in the West. This panel examined processes of social differentiation in the late Soviet Union and Soviet citizens' representations of money and economic (in)equality, as well as practices of consumption and participation in the shadow economy.

In her paper, **EKATERINA EMELIANTSEVA-KOLLER** challenged traditional representations of the late Soviet village as being in decline, by examining consumer practices in the countryside and exchanges of goods between rural and urban settlements. In the context of a general rise of wages in the post-Stalin era, the highest relative increase occurred in agriculture: among state farms workers, wages more than tripled between 1950 and 1980. The consequence was a general improvement in living conditions and the rise of consumption in the villages. Analyzing representations of the village in popular Soviet films, Emeliantseva-Koller shows how certain categories of the



population, such as salespersons, could use their position to make “shadow benefits” and thus acquire scarce goods. But the shadow economy took a variety of forms, demonstrating the resourcefulness of local villagers, as cash remained in short supply. Vodka, but also wild forest berries were used as alternative currencies in Northwestern Russia, for instance. Taking the example of a popular music band from the Northern town of Severodvinsk involved in “fartsovka” (black market sale of scarce Western goods), Emeliantseva-Koller shows how a triangular network connected Soviet metropolises, Black Sea resorts, and the villages, where “fartsovshchiki” could use berries as informal currency.

Based on 42 interviews with former Soviet citizens, **KIRSTEN BÖNKER** analyzed their representations of money, poverty, and wealth in late Soviet society. The narratives, dominated by restorative nostalgic tropes, contrasted the post-Soviet social order, where money determines social relations, with the more secure, stable, predictable, and ultimately more egalitarian Soviet order. Although her respondents insisted that the usual categories of “poor” and “rich” did not apply to the Soviet context, late Soviet society was characterized by processes of social differentiation which gave rise to popular protests against privileges during Perestroika. Admittedly, inequalities were not so much in income as in access to certain modes of consumption. But the nostalgic narrative blurred these inequalities, as respondents focused on their personal traumatic experience of dramatic loss of income and social status in the 1990s. In contrast, they described their previous existence as stable and secure: job security and a guaranteed income allowed one to save money and access cheap vacations, and this stability outweighed in their memory such inconveniences as queues and the scarcity of consumer goods. Bönker concluded that Soviet ideology, with its judgment of ostentatious consumption, continued to prevail in these narratives, and the loss of this equality after 1991 was singled out as the main fault of post-Soviet society.

**KSENIA TATARCHENKO**'s presentation shed light on another little-known facet of the late Soviet shadow economy and challenged the dominant narrative of Soviet modernity, according to which innovation was incompatible with a planned economy. In her research on the science-city “Akademgorodok” in Novosibirsk, she explored the history of the industrial association “Torch”, based at a computer center founded in 1964. As the center gathered not only hardware, but expertise in assembling and operating computers, its head Gurii Marchuk, a prominent scientist involved with the Soviet nuclear project, realized that profit could be made by hiring out students to other companies as part-time staff specialized in computer technology. In addition, the financial scheme relied on



the use of Communist youth (Komsomol) accounts to “turn credits into cash” – an innovation allowed by the recent economic reforms undertaken by Aleksei Kosygin, which increased the financial autonomy of Soviet enterprises. Between 1966 and 1972, “Torch” employed up to 6000 part-time employees and earned 8 million rubles for 500 contracts, allocating one third of its benefits to the Komsomol. Although the organization was predictably closed down because of its incompatibility with official ideology, the lack of legal pursuit against the organizers, and the resurgence of similar schemes in the 1980s and 1990s showed the inadequacy of the dominant narrative of apparatchiks stifling innovation to analyze the rise of parallel economic structures in the late Soviet period.

The discussion returned to the distinction between shortages of products, which were characteristic of the Soviet planned economy, and the lack of money. While money was generally a precondition to buy products, the shortage economy implied the necessity of resorting to various informal schemes to acquire scarce goods, from personal connections and exchange of favors to bribes and the black market. This distinction introduced new inequalities between those who could afford to resort to these schemes and those who could not, but also between average citizens and those whose position allowed them to buy scarce goods in special shops with restricted access. Although Soviet metropolises became the privileged hubs of the black market, this panel has shown that the countryside also participated in the shadow economy. Far from being a simple anomaly caused by the shortage economy, the examples of the “Fakel” organization or the “fartsovshchiki” from Severodvinsk testify to the resourcefulness of Soviet citizens, who developed innovative schemes to counter official restrictions. These clever entrepreneurs would later on be able to take full advantage of the transition to market economy, while the average Soviet citizens proved ill-equipped to deal with the upheavals of the 1990s. While the struggle against the nomenklatura’s privileges was a major rallying call during Perestroika, contributing to the downfall of the regime, the “shock therapy” of the 1990s brought new social inequalities. The restorative nostalgic narratives about the “golden 1970s”, common throughout the post-Soviet space, testify to the lasting impact of the Soviet ideal of economic equality.

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## Panel overview:

Emeliantseva-Koller, Ekaterina: Money and other things in the late Soviet village

Bönker, Kirsten: "...but in those times we were all equal". Post-Soviet representations of poverty, wealth, and equality in the late Soviet Union.

Tatarchenko, Ksenia: "Soviet Innovation as a Cash Machine": Studying the case of the scientific industrial association "Torch" (1965-1970)

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