

Dead Souls; workers in the Soviet Union seem lazy and thieving, but the soviet people are fundamentally honest and capable of hard work. It is the system that has made them bad - and the system is dying.

By Vladimir Kvint
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ALL THE ECONOMIC NEWS from the Soviet Union is bad these days. But underneath the turmoil, and with unemployment heading for 30 million, change for the better takes hold slowly but irresistibly.

Under new laws Soviet citizens can work for foreign companies in the U.S.S.R. and abroad, not as runaway serfs but legally. This is a tremendous step toward freedom. And foreigners, who have always been officially considered in the U.S.S.R. to be capitalist spies working under cover, can now work at a Soviet enterprise and even manage a Soviet company on a contract basis.

This means Soviets can leave, though new travel laws still have not been passed. A brain drain is developing. It is still difficult to get out, but you can do so if you can land a contract from a foreign firm. Such contracts are highly coveted. The average monthly salary in the U.S.S.R. is 290 rubles, about \$2.40 a week at my estimate of the black market rate of exchange. Though Gorbachev makes 12 times more than an average citizen, he makes less than \$150 a month at an official rate set by himself. Of course, neither of these figures represents reality: Ordinary citizens get cheap rents and cheap bread, and Soviet bigwigs get nearly everything free. Still, these pitiful figures indicate how little disposable income Soviet citizens have.

So, people who can are leaving. Soviet biologists, mathematicians, economists and financial specialists are welcome in a world labor market where there is an overall shortage of highly trained professionals (see story, p. 110).

Salomon Brothers, for example, invited a 30-year-old Soviet banker with ten years of experience in a Soviet bank to join the company's New York office.

The Soviet Union has brilliant computer specialists, especially in the software field. These too are trickling out and adapt quickly abroad. Soviet immigrants never ask for

money in the subway; in a matter of several years they get their own houses, cars, things they could never have hoped to have at home. Most of these highly trained people swim well in the stormy waters of American business.

But the immigrants represent only a fraction of the Soviet Union's vast store of trained and educated people. Most of these will stay at home. They represent one of the Soviet Union's greatest resources. All these workers need to become productive is the introduction of capitalist incentives.

And that is why I say that underneath the turmoil, a better way is developing. Forget what you have heard and read about lazy, thieving Soviet workers. It is the socialist system that is rotten, not the people. The old Soviet socialist system was unproductive because it was a mass of disincentives. Moscow dictated the salary of a Norilsk miner far in the North and of a cotton grower deep in the South. You got what some bureaucrat said you should get rather than a market-clearing wage. This led to bad labor discipline; the fired drunkard immediately crossed the street and went to another factory for the same small salary.

Yet factory managers fought to swell their payrolls. To squeeze more money out of the bureaucracy, each company tried to fake the number of working hands it needed. Unneeded workers were known as "dead souls"—after Nikolay Gogol. There were some 12 million of them in the Soviet Union.

In a way, this situation may be better than the American system of welfare so far as the recipients are concerned; at least they do not get something for absolutely nothing. But the dead souls are a drag on productivity; why should Ivan work hard when Stefan is sleeping on the job and Ivan and Stefan both get the same wage?

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In the Soviet system jobs were not so much for production as they were a means of regimenting people. Not to have a job was a crime, even though loafing on the job was not. A person out of work was called *tuneyadets*, “the one who eats in vain,” a sponger. Laws against unemployment were also used as a political whip against dissidents.

The brilliant poet Joseph Brodsky, who later received a Nobel Prize, was sent to prison for doing nothing. “But I am a poet,” he said to a judge. “Okay,” argued the judge, “but I asked you about your job.”

Finally, in January Gorbachev introduced the “Status of the Unemployed.” Giving the jobless rights is a major step away from communism and toward a free society. It comes in the nick of time: Soon millions will need it. In East Germany, where the economy and productivity of labor was better than in the U.S.S.R., 4 million out of 8 million workers lost their jobs after reunification.

New, productive jobs aren’t opening up as fast as the old, useless ones are being shed. But still they are opening up. Case in point: There are more than 7,000 new cooperative technical consulting and manufacturing firms, employing more than 300,000 people.

Making the situation worse, the whole system has been rife with the disease of stealing; lacking the bargaining power to get a living wage, workers are driven to theft. The so-called *nesuni*—the “carriers” or the “factory-lifters”—are everywhere: A worker at a meat factory carries away every day under his coat 3 kilos of meat; at the cable factory, a piece of cable. If somebody works at a rubber factory he will take home “article #2”—the modest official name for condoms, which are always in great demand. Condoms are a kind of currency for such workers. Some workers say: “A day without a gift from the factory is a day lived in vain.”

This happens not because Russian workers are any more dishonest than American workers or any others. The chief explanation is that in the U.S.S.R. nothing belongs to

anybody one knows. Some people think that it all belongs to the bosses in the Kremlin, and in a way they are right. Others say it has been declared that this property belongs to the nation. “And that means, to me, since I am a part of the nation. So, I am not stealing, I am just taking what belongs to me,” a Soviet worker might reason.

It is, however, rather easy to stop the disease. Those who work in cooperatives, where part of the property really belongs to them, do not steal.

Many years of work among and with the Russian workers allows me to conclude that they are diligent, assiduous and creative under the right circumstances.

When I was head of a construction team in Norilsk, we had to lift permafrost by shovel; there was a constant shortage of bulldozers.

To save my workers from this hellish job, I illegally hired a bulldozer driver. He agreed to work during the night, because by the morning he had to be back with his Caterpillar on his regular job.

How did I pay him? Vodka is hard currency in the Soviet Union. Unlike rubles, vodka can buy everything, so I promised the bulldozer driver that he would be paid for his work with three bottles of vodka.

But I was young then and made a terrible mistake—I gave vodka to the driver when he started work. So when I came at 2 in the morning to see what he had done, the first bottle was done indeed, and the driver was lovingly opening the second one.

Next time I knew better. Work first, vodka later.

Does this mean that Russians are bad workers, and that they drink too much? In the U.S.S.R. private agricultural lots are tiny; they constitute only 3% of arable land.

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However, these tiny plots yield 30% of all the country's meat and milk production, 60% of potato crops. People work when they get paid properly.

Since 1989 the Chinese have leased a lot of land in Kirgizia. The local Soviet collective has a crop of 23 tons of tomatoes per hectare. The Chinese get 1,000 tons!

Of course, the American seeds that the Chinese use play their role. The seeds of the American management system, implanted into the Russian soil, will yield good crops, as well. The Soviet Union has everything it needs to improve its standard of living. Everything, that is, except for proper management.

Seventy-five percent of the most important natural resources sit to the east of the Ural mountains—in Siberia and in the Far East. The regions suffer from significant labor shortages. A free market economy would offer financial incentives to attract workers where they are needed and would offer them goods and services to spend their wages on.

The mismanagement and waste of resources under the old regime were almost incredible. In the late 1960s the bureaucrats decided to introduce the Asian Tadzhiks, who knew only cattle breeding and trade, to heavy industry. It took 20 years and a vast fortune to build an aluminum plant in Tadzhikistan. Three hundred Tadzhiks were sent to the Krasnoyarsk aluminum plant in Siberia, the second biggest in the world, to study for nine months. When the brand-new specialists in metallurgy returned home, only a dozen of them went to work at the plant. The rest of the Tadzhiks went back to what they knew best—cattle herding.

Or take what happened to the nomadic Siberian nationalities, cattle-breeding ethnic groups in Hakassia and Tuva. Soviet power forced them to be settled in towns. Their children were taken to the city orphanages, where both urban and rural lifestyles became alien to them. They found refuge in vodka.

Using politics rather than economics to dictate resource allocation, the Kremlin wasted billions of dollars and ruined lives. Uzbekistan, for example, has 30% unemployment and constant water shortages. Moscow created chemical plants in Uzbekistan that do not need a lot of people but demand a lot of water.

These things happen when you substitute central command planning for the free market.

At the same time, plants assembling agricultural combines, refrigerators and TV sets were established in Siberia, where there weren't enough workers to man the plants.

You don't undo a mess like this without creating new hardships and new problems. The sprouts of new growth first poke through the old asphalt. The millions of unnecessary jobs started to shrink.

State companies newly leased by the workers usually begin by eliminating unnecessary jobs. A better system evolves only slowly. During the past two years more than 3.5 million people have deserted the state enterprises to go and work for cooperatives. By my estimates, by 1993, 8 million to 10 million others will join them as a semicapitalist economy grows up alongside the socialist one. By 1996 the private sector will employ 20 million.

Don't be confused by the fact that the Kremlin first moves toward freer markets, then pulls back. Such ebbs and flows are inevitable, but they cannot salvage the old system. Socialism is dying in the Soviet Union. The nation is irrevocably, if hesitantly, embarked on the road to capitalism and economic freedom. Progress is slow, but the Kremlin cannot turn back the clock.

Vladimir Kvint is Distinguished Lecturer at Fordham University's school of business.