Social Inequalities in State Socialist Redistributive Economies

Dilemmas for Social Policy in Contemporary Socialist Societies of Eastern Europe

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In this paper, I will argue that in state socialist societies social inequalities are basically created and structured by redistributive mechanisms. The East European experience seems to differ sharply from the experiences of the market economies where the socio-economic inequalities are basically emerging from market situations and they might be restructured, or moderated by the redistributive intervention of the State.

In Eastern Europe the expansion of the dominating redistributive sphere of the economy adds to the privileges of the already privileged and powerful and, curiously enough, the interests of the powerless and disprivileged can be best served with increasingly transactive (and consequently market-like) relationships in the economic system.

I decided to put this argument forward since I am convinced that there are widespread and far-reaching misunderstandings concerning the social implications of economic processes and, more specifically, of economic reforms intending to replace gradually redistributive mechanisms with self-regulating ones, of the East European countries, both in Western and East European social science literature. The Western left-wing critics of East European socialism usually believe that socio-economic conflicts and social inequalities in Eastern Europe are the consequences of the surviving or re-emerging market forces, economic reforms by increasing the role of self-regulating economic mechanisms are attempts to restore “capitalism”, and increase social inequalities. At this point the non-authoritarian and anti-bureaucratic Western left finds itself in a surprising alliance with East European conservative bureaucrats who also fight their reform-minded economists and sociologists in accusing them of “selling out the most precious achievements of socialism” (namely, equal accessibility of basic goods and services). Even those who argue the case for economic reform usually subscribe to the sociological assumption that the limitation of redistributive mechanisms is necessary for increased efficiency, but it works against social justice; increased inequalities are the price we have to pay for a more affluent economy.

In all these propositions it is assumed that the social implications of market and redistributive mechanisms are similar or the same under socialist con-
ditions as in a capitalist society; the socio-economic laws, discovered in capitalist market economies, can be projected into the State socialist societies of Eastern Europe. I challenge this position both on empirical and theoretical grounds. There is ample empirical evidence that in State socialist societies the administrative allocation of scarce goods and services favours the more well-to-do and the introduction of market regulated prices of certain goods by economic reforms, in all cases I know of, served the interests of the working class. It is also theoretically and methodologically unacceptable to project socio-economic laws of one socio-economic formation into another one. If we want to understand the real nature of redistributive mechanisms in a socialist society, we have to start with a substantive analysis of the basic economic institution of these societies to understand the role played by redistribution in the social reproduction process and, more specifically, in the production, appropriation and allocation of surplus.

**Inequalities emerging from socialist redistributive mechanisms**

First I found myself confronted with the problem of inequalities emerging from redistributive mechanisms when I conducted surveys on the housing economy, and specifically on housing allocation in Hungary during the late sixties.

The housing economy I was studying was obviously a mixed one, it was composed of a redistributive and a market sector. In the redistributive sector, the owner was the State, rents were, in principle, not related to the value of the flats or houses and the allocation was administrative. It also comprised a market sector – namely, privately owned family houses and flats, with market regulated prices, but ownership was legally limited, one family could own only one house or flat, consequently a private rental market was technically impossible. (When we use the term “market sector”, we apply a broad definition of the term since chances to gain profit out of privately owned houses were extremely limited).

From the early fifties the government made efforts to transform the nature of the housing economy. On the ideological level it was stated that under socialism housing is not a commodity, it should not be allocated on the market, the income of the families should not affect the type, standard and size of housing these families get. To attain these ideological goals, all housing which could be used for profit-making purposes (second flats or houses of families, or even large flats or houses with six rooms or more) were nationalized and the rents were fixed at a level at which the lowest income families could afford the best housing. During the early fifties, practically all new housing, at least in cities, was built, owned and administratively allocated by the State, consequently, in two or three years the State-owned housing became a dominating feature of the urban housing economy. (The question of rural housing is a rather complex one, so at this point I have to abstract from it.)

These changes had far-reaching consequences on the labour economy as well. The soaring inflation of the early fifties enabled the East European govern-
ment to introduce structural changes in the wage policy, wage increases falling behind inflation rate extracted housing costs from wages and salaries and accumulated them in the State budget. Housing economy became a redistributive one since the surplus which was used for the construction of new and maintenance of old housing did not appear in personal incomes, was in the first instance concentrated in the “central hand” and redistributed accordingly to central considerations. In principle, all housing could have been nationalized and rents abolished altogether (as it was attempted in the Soviet Union in the 1920’s).

This co-ordinated transformation of the housing and labour economy is the main differentiating feature of the socialist development of Eastern Europe. In some of the capitalist market economies (for example in the U.K. and especially in Scotland) State or council ownership of housing also increased radically (probably in similar proportions to Eastern Europe), but it did not lead to the direct concentration of surplus used for housing purposes into a “central hand”. In modern capitalist societies with the most advanced council housing system, housing costs are basically accumulated in personal incomes, council housing is the intervention of the State into a market situation to provide adequate housing to those who, for one reason or another, are unable to find high enough incomes on the labour market to cover housing costs. The State is covering these costs by taxing higher income groups, by redistributing real income, generated on a labour market. I am inclined to agree with those marxist urban sociologists who propose that the purpose of this state intervention is to save the market economy in the stage of monopoly capitalism, when the labour market controlled by monopoly interests is unable to guarantee the reproduction of housing for an increasing proportion of the labour force. Consequently the housing economy in correspondence with the labour economy remains basically a market one, using redistributive mechanisms when and where market does not guarantee the reproduction of housing and the reproduction of labour. The more well-to-do still buys or rents on the market; to build and rent out housing is still a profitable business for private enterprise. This State intervention helps capitalist market economy answer the challenges it is facing nowadays, it is serving through market ways, the interests of the monopoly capital and the more well-to-do (by keeping prices of labour down for business and by providing capital gain to above the average income home owners through inflation, from which low income groups forced into council housing are excluded).

Consequently I do propose that the changes occurring in Eastern Europe during the early fifties were qualitatively different, they transformed housing economy from a market economy into a redistributive one, through housing, the State not merely reallocated market generated income as in the case of Welfare capitalist societies, but redistributed surplus. From the mid-fifties the East European governments had to solve problems inherent to a redistributive economy and propose that later changes in housing policy could be understood as compromises whose purpose was to save the very redistributive nature of housing in the socialist societies.
By the mid-fifties it became clear for planners that the level of new housing construction is inadequate, housing construction was approaching a low which would not allow, in the long run, the simple reproduction of the housing stock in the period of rapid population increase. Pragmatist planners without asking for the theoretical reasons, realized that the State at least momentarily cannot accept responsibility to provide housing free for all and they proposed that those who can afford to build their own homes should be allowed to do so. In most of the East European countries “dogmatists” who wanted to preserve the “socialist” nature of housing by not allowing private constructions were defeated, and pragmatist planners allowed, later through mortgages and even slight subsidies encouraged family-home building activities. On the other hand, these measures were only compromises, aiming to increase housing construction, and the basic redistributive nature of the housing economy was maintained. (We have to exclude Yugoslavia from this analysis as a very special case which deserves special attention.) First of all, the State maintained a dominating role in housing construction, majority of new housing and an overwhelming majority of new urban housing was built by the State. The State did not regard housing construction as a business enterprise and the claim of radical reformists to introduce a State-owned rental market was always rejected, with the solemn declaration that a socialist state cannot make profit on housing. Rents were consequently kept at a low level, much below value and housing was, and is, administratively allocated. Furthermore, as already mentioned, the private or market sector was also kept under control, families could own only one flat and they were not supposed to rent it out for profit. (From time to time even the size of privately built houses was statutorily limited.) Central planning allowed certain market forces to operate where the redistributive mechanisms did not seem to work. Like the capitalist state used redistribution of income in defence of the market, the socialist state allowed market to operate to save the basic redistributive institutions.

It is not surprising, then, if we find the sources of inequalities in the major institution of the housing economy. Indeed, in my surveys on housing allocation in Hungary – and these findings were corroborated by the results of other surveys in Hungary, Poland and Czechoslovakia – I found that higher status groups, the better qualified with higher than average income, were heavily over-represented in the redistributive sector of the urban housing system and correspondingly a negative correlation was found between income and home ownership, qualification of the head of the household and home ownership. During the last three decades in Hungary, the better qualified – the professionals, white collars, and highly qualified workers – received State built and State owned flats; the working class, especially the semi-skilled and unskilled workers, had to build their own homes.¹ This trend is even more striking if we take the rural housing system into account. About half the working class in Hungary – and figures are comparable in other East European countries,

¹ See Appendix A, p. 83.
especially again in Poland and Czechoslovakia – never had a chance to move to cities, not being able to buy a house there and not having a chance to get council housing, so they stayed in villages in privately owned, inherited or built homes. As in a capitalist Welfare society the poor is housed by the council and the rich buy or rent on the market (monopolising the advantages of home ownership), in State socialism professionals and the “middle class” (clerical workers and workers aristocracy) has the privilege to rent the heavily subsidized State housing and the working class has to buy or build on the market. Consequently, through the redistributive sector of the housing economy, the State reallocates surplus in favour of higher income groups, by forcing those with less income to pay the total costs of their housing from wages or salaries in which, in principle, housing costs are not accumulated, and allocating all centralized surplus for housing to the better qualified. Consequently, in Hungary, but probably everywhere in Eastern Europe, social inequalities after housing are greater than before housing; if we want to measure the real extent of inequalities, we have to take into account the subsidies in better housing allocated systematically to the more well-to-do. This is a very significant factor, since the subsidy in the monthly rent of a newly built State flat is very close to, if not equal with, a monthly average wage in industry.

Consequently, the redistributive institutions in the housing economy are creating inequalities, shaping the structure of inequalities. (Someone could argue, of course – and a few economists who were willing to face the hard facts of state socialist housing policy in fact did so – that housing only compensates for the lack of inequality in the labour economy, since wages are not differentiated enough, the differentiation has to take place in housing and in the allocation of other goods and services. Such an explanation, on the other hand, would pre-suppose a functionalist explanation of social inequalities, the existence of “functional” or necessary inequalities, which is questionable enough in a market economy, but would make even less sense in a socialist non-market economy where central planning and not material reward allocates labour, especially across qualification levels.) Furthermore, in terms of social policy, it is quite obvious then that reforms which aim to ease the situation of those who require housing on the market do basically serve working class interests. If interest rates on mortgages are lowered, if administrative limitations on private housing construction are lifted, if construction materials bought by private constructors are subsidised, then we can be sure that inequalities in housing are decreasing; the strengthening of administrative control, more and more rigid redistribution will increase these inequalities.

But housing is only one – even if the most important – example of inequalities emerging from redistribution. In a recent study, J. Ladanyi investigated the effect of state regulation of the prices of consumer goods in Hungary. Part of consumer prices (for example, vegetables or fruits) is determined on the market and these prices express the production costs, the prices of the most important consumer goods, on the other hand, are administratively regulated; they contain subsidies or are taxed, they are “deviated” from their actual value.
The regulation of consumer prices, the deviation of prices from values or production costs is supposedly motivated, or at least ideologically justified by social consideration. As the main authority of price policy in Hungary stated: "As a general rule those products have a low price (are subsidised) which play an important role in the consumption of lower income groups..." (Csikos-Nagy, 1971, 130p.) Consequently, the regulation of consumer prices is supposed to reallocate value from higher income groups to lower ones. In a most carefully carried out study, J. Ladanyi tested this proposition and measured the social effects of redistribution through the regulation of consumer prices. From official statistics on family budgets, he could determine the structure of consumption of different social strata and income groups. Surprisingly enough he found that the most heavily subsidised consumer goods did play a larger role in the consumption structure of higher status groups. He measured the real value of the units of expenditure, what he defined as:

$$\Sigma \text{expenditure} + \Sigma \text{Price-deviation} (\text{+subsidy or } -\text{tax})$$

$$\Sigma \text{expenditure}$$

(Consequently, if the value of this indicator is above 1.0 it shows gain, if it is below 1.0 it shows loss from redistribution). He found this indicator as 1.049 for white collars, 1.043 for blue collars and 0.989 for agricultural workers. In fact, the real value of the units of expenditure underestimate the inequalities of redistribution, since absolute expenditures in higher income groups are significantly higher. After taking the absolute level of expenditure into account, it was found that the white collars received about 50% more subsidy than the blue collars, but the same logic applied all along the social hierarchy, not only the white collars were more privileged than the blue collars, but the skilled workers were better off than the unskilled workers, leaving the agricultural labourers at the bottom with an absolute loss due to the deviation of prices from values (agricultural labourers consume more taxed and less subsidised goods).

In fact, these gains and losses do not affect significantly the living standards, according to the cited investigation, the total gain of the most privileged group (high management and professionals) is just slightly more in a year than a two week average income in industry; the maximum loss is equivalent to two-three day average industrial income. On the other hand, it is still interesting that the deviation of consumer prices from production costs is increasing inequalities. Inequalities measured after taking price-deviations into account are greater – even if only slightly, by about 5% – than inequalities expressed by income distributions only.

Consequently, the redistributive mechanisms in the sphere of allocation of consumer good function in a similar manner as in the allocation of housing. They create on both occasions the inequalities, if consumer prices would correspond to production costs and the state would not intervene in a redistributive

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2 See Appendix B, p. 85.
manner into the price structure, there would be less discrepancy between the real income level of white collars and those immediately active in the production process (industrial workers and agricultural labourers).

I would like to refer to a third research as the final empirical illustration of the point I am trying to make. In 1967, the Central Statistical Office in Hungary conducted an investigation on personal incomes in the country. For the first time, beside wages and salaries, an attempt was made to take into consideration both cash and non-cash allowances (family allowances are examples for the first case and medical and educational benefits for the second). These data do not cover the two previously studied areas, since subsidies into the housing system and the deviation of consumer prices from production cost were not taken into account, but both for cash and especially for non-cash allowances, our previous findings are corroborated.

Already, in the case of cash allowances, a significant discrepancy can be observed among different social strata; in white collar families, per capita allowances were about 20% higher than in families of industrial workers; agricultural labourers received less than half as much cash allowances as the white collars. The economically inactive population was an exception to this rule, they received almost four times as much cash allowances than the most privileged occupational group, but for them, in many instances, these cash-allowances represented their total revenue. (In the case of those who did not have pensions and lived from welfare payments.)

Data on the correlation of income and cash allowances seems to contradict our previous evidence. It was found that per capita cash allowances are smaller in higher income groups; people in the lowest per capita income category received about 60% more cash allowances than those in the highest one. On the other hand, this is far from surprising, since the main component of cash allowance is family allowance. It is not necessarily the poorer families who receive more cash-allowance (this is clear from the data on the distribution of allowances among occupational strata) but those with more children.

The figures on the distribution of non-cash benefits confirm even more strongly our hypothesis, (the two main components of these being medical and educational benefits). White collars received almost 50% more per capita non-cash benefits than industrial workers, high managers and professional more than twice as much as agricultural labourers. A strong positive correlation is found with income distribution as well, non-cash allowances being more than 20% higher in the highest per capita income group than in the lowest one. These figures basically indicate that higher social strata use medical services and facilities more frequently, and their children stay longer in the educational system. In fact, these indicators are very rough and they do not express adequately the qualitative differences which the different social strata have in using the health and educational systems. High bureaucrats and professional people not only use the medical services provided free by the state more often

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3 See Appendix C, p. 85.
than blue collar workers, but the services they get are also systematically better (they have better access to highly qualified specialists or scarce medical facilities, e.g., to private rooms in hospitals, etc.). The same is true for the educational system. Not only are there greater opportunities for children of higher social strata to enter institutions of tertiary education, but it is also more probable that during their primary or secondary education they will have attended institutions which are more heavily subsidised (urban vs. rural schools, schools specialising in languages, mathematics or in other highly valued skills vs. schools with general curriculum, etc.). It is still the unaccomplished task of medical sociology or sociology of education in Eastern Europe to discover and document precisely these hidden inequalities, which naturally cannot be taken into account in such a general statistical data-collection as the one we were using above.

It is important finally to note that the cash and non-cash allowances taken into account by the study of the Central Statistical Office are very significant as components of real incomes; families of high bureaucrats and professionals receive monthly through these channels benefits which are equal to about a two week average industrial wage (more than twice the amount of that received by agricultural labourers).

In a recent paper Susan Ferge (S. Ferge, 1975, 718p.) emphasised that the inequality of the distribution of cash and non-cash allowances was smaller than the inequality of distribution of wages and salaries. She calculated an indicator, called "measure of inequality". She divided the average income of those who have higher than average incomes by the average incomes of those with lower than average incomes and this indicator was 2.32 in 1967 for Hungary. She also calculated the same indicator for cash and non-cash allowances and found that its value was only 1.92.

On the other hand, it is quite obvious that this does not indicate an equalising effect due to the system of cash and non-cash allowances. Any positive correlation between the allowances and incomes or social status will be to prove that redistribution increased inequalities. Hence, if such a positive correlation exists, then the absolute level of inequalities will be larger after the allowances are taken into account.

These three studies indicate that in Eastern Europe we might mislead ourselves if we try to measure inequalities by the distribution of wages and salaries. In fact, we can expect that the inequalities of living standards will be greater than those of wages, since in all of the above analysed cases, the redistributive mechanisms favoured those with better qualifications and already higher incomes. Through rents, cash and non-cash benefits and deviation of consumer prices from production costs, those with higher social status received more subsidy, people at the bottom of the social hierarchy less, or none.

Consequently, if by some miracle tomorrow rents would be raised so that they covered housing costs, the state stopped taxing and subsidising consumer goods and granting cash and non-cash benefits, and instead equally divided the sums used for these purposes up to now among wage earners; then these
measures would lead to a more equal society, they would benefit the immediate producers, especially the agricultural labourers and the commuting "new working class", but also most industrial workers, probably with the exception of the most qualified "workers aristocracy".

Surprisingly then, the most extreme economic reformists in Eastern Europe who want to get rid of state subsidies and fringe benefits altogether, who do propose prices and rents covering costs and who, in fact, want to decrease state budgets radically by accumulating all costs of living in wages and abolishing redistributive intervention are articulating the interests of those who are directly involved in the process of production of material goods, they are articulating the interest of the working class.

I suggest on the basis of the presented empirical evidence, that in the State socialist societies of Eastern Europe a new system of inequalities is emerging. These inequalities cannot be explained as "inherited" from the capitalist past, or as the results of the survival or re-emergence of market relations. On the contrary, they are products of the basic economic institution which guarantees the expropriation of surplus from the immediate producer in State socialism, namely redistribution, they are inherent inequalities of State socialism.

Redistribution of real income in capitalist welfare society and the State socialist redistributive economic systems

But are those phenomena specifically State socialist? Redistribution of real income has similar side-effects in modern Western societies? Are Western Welfare capitalist societies significantly different from East European State socialism with regard to the role and nature of redistribution? Is there a socialist alternative to fight inequalities inherent in state socialist redistributive economies? Is a general theory of State capitalism, including both contemporary Western and East European societies, not an adequate tool to explain these inequalities? In an attempt to answer these highly justified questions on the following pages, I will try to elaborate upon the ideal type of State socialist redistributive economy or, if you like, to draw up a sketch of a possible political economy of State socialism. I propose that State socialism is qualitatively different from modern Western Welfare capitalism, it is based on historically new institutions of economic integration, socialist redistributive economy is crucially different from the redistribution of real income in welfare capitalist societies. I will attempt to apply Polanyi's theory of models of economic integration, and especially of redistribution, to State socialism and to distinguish State socialism as a modern, rational redistributive economy from contemporary capitalist market or "post-market" economies.

But does this distinction make sense at all in an epoch when the State everywhere controls an increasing proportion of national income, and reallocates it through the national budgets? Isn't it more adequate to say that both in the West and in the East we deal with mixed economies, both combine
elements of market and redistribution, the difference is only a slight – and possibly disappearing – quantitative one.

No one can question that economic politicians and planners, especially in allocating resources from the national budget, are involved in technically the same exercise and will face very similar problems in the United Kingdom or in West Germany as in Poland or Hungary. On the other hand, if we succeed in constructing the ideal types of socio-economic systems they operate in, if we succeed in showing the logic which integrates these systems, the contrast will be sharper. True enough, Western societies use redistributive mechanisms, but only when and if the market does not function and only if these mechanisms are necessary to defend the major socio-economic institution, private property. Similarly in State socialism, planners will introduce market mechanism, but only when and if redistribution does not work, the compromise with the market is only a compromise in defence of the redistributive power of the State.

Let us start this analysis with the most obvious, but probably also the most superficial difference – namely, the difference in ownership relations. It is well known that in modern Western societies the role of private ownership changed (with the increasing importance of absentee ownership, increased role of management, State control, etc.), but these changes left the system of legitimation of economic power basically unaltered, they did not challenge the right to private ownership of means of the production. In all contemporary Western societies – the private ownership of the means of the production is a good enough reason to expropriate surplus and dispose of it. The state, the trade unions, etc., might intervene, control, limit the extent of expropriation or influence the way the surplus is used, but they will not question the right of private owner to expropriate solely on the basis of ownership. Other principles of legitimation are also operating, but private property is an obvious one. In State socialism, private ownership does not legitimate expropriation (if such expropriation exists – and in many instances it does – it is “illegitimate”). The dominating principle which legitimates expropriation and disposal of surplus in State socialism is that of the redistributor who claims to have a “scientific” knowledge of how to use such surplus in an economically efficient and socially just way. Consequently, beyond the differences in ownership relation, we can discover two different dominating principles of legitimation – that of the private owner and the “scientific” or “technological” knowledge of the redistributor.

But not only the principle which legitimates the expropriation of surplus is different in the two systems, even the surplus itself is defined differently. Already Pearson has pointed out that it is not possible to find a formal distinction of surplus which would apply in all economic systems, the meaning of surplus is different in a market and in a redistributive economy. In fact, someone could argue that the surplus has a pure economic definition only under market conditions where the surplus is simply the difference between the costs of production and the market defined price of the product. Such a pure economic definition of the surplus is only possible in the non-embedded civil society,
where economy has its autonomy and politics is a separate sphere of social activity. (Collective bargaining, trade unionism, etc., is a limitation of this autonomy in modern capitalist societies, but these very institutions function in the framework of the civil society, pluralistic, bourgeois democratic politics.) Societies based on redistributive economies are, on the other hand, embedded societies and Pearson has a strong point when he is proposing that in redistributive economies surplus is defined by power.

Under the conditions of this peculiar type of redistributive economy we are talking about, namely under the conditions of State socialist rational redistribution, the surplus as such is basically defined by political power. (Obviously, it would be necessary to distinguish between different types of redistributive economies. Economic anthropologists like Polanyi, Pearson or Dalton, when writing about redistribution basically referred to societies of the “Asiatic mode of production”, and they never developed a substantive analysis of Soviet type of redistribution. The Soviet type of economic systems are as different from the Asiatic mode of production as they are from the capitalist mode of production and I propose to call this system rational redistribution vs. the traditional redistribution of classical Asiatic societies, by referring to the differences as to how redistributive power is legitimated. At this point, it is not possible to elaborate this question in detail, but with George Konrad we attempted to offer a systematic comparison of market, rational and traditional redistribution, in our forthcoming book, *Towards the class power of intelligentsia.* ) The political rather than “economic” definition of the surplus means that wage levels and the extent of inequality among different categories of the labour force express first of all political considerations. The price of the labour in principle is not related to the value or surplus the labour will produce – the redistributive power will expropriate as much surplus as politically possible. The limit of expropriation is revolt. 1956 in Hungary or 1970 in Poland was a clear enough indication that there is an absolute limit of expropriation in State socialist societies – if the living standard starts to decline or if it remains stagnant on the long run, it might lead to a spontaneous revolt of the workers and the level and dynamics of wages are regulated by these political forces.

On an abstract theoretical level, this means that in State socialist societies the labour is not a market-commodity in a precise definition of the term, a labour market does not operate. Probably it is the commodity or non-commodity nature of the labour that draws the clearest contrast between State socialist and modern capitalist Welfare economies. Labour power is also bought and sold in State socialism, more than in any other society. (The proportion of self-employed is less than in any capitalist society, a higher proportion of the labour force has to sell its labour.)

At this point I would like to refer to Polanyi’s notion of “non-market trade.” In analysing trade in Hammurabi’s *Babylon* he pointed out that the widespread use of money and the existence of a developed system of trade does not necessarily mean the existence of a market economy. Polanyi argues that the prices of products are not regulated by the market, but they are fixed by royal
authority. Under such circumstances, the income of the tradesmen is not the
difference between the purchase price and the selling price of the product, but
it is limited and guaranteed by the King. In principle, the King could fix the
selling price of a product below the purchase price, and in this case, the trades-
man would have more income by losing more – a not very probable case in
Hammurabi’s time but a more frequent one in State socialism. Anyway,
sociologically the crucial characteristics of this trade is that the actors involved
in the circulation process of goods (buyers, sellers, royal authority) are not
transacting with each other, the relationship of the tradesmen to the royal
authority is of dispositive nature. Trade can exist without market – to sum up
Polanyi’s argument, and in this marketless trade, the actors’ position is dis-
positive; in market trade, transactive. Generally speaking, we can identify
redistribution with dispositive, market with transactive relationships.

Quite obviously in State socialist societies those who sell their labour do
have a dispositive relationship to those who buy labour. This means that the
price of their labour is, in principle, not subject of bargaining, it is administra-
tively fixed, it does not express potential value or surplus produced by the
labour. It is also of crucial importance that the owners of labour do not have
the right to decide to sell or not to sell their labour, they are under statutory
obligation to do so. I propose that this system contrasts sharply with all capitalist
welfare societies, where an element of bargaining (collective or individual) is
always present. Furthermore, the owner of the labour has the right to withhold
his labour from the market, to try to sell the products of his labour rather than
his labour power, to try to withhold his labour until prices improve and to live
from savings or starve, and he also might find it impossible to sell his labour
since no one wants to buy it. In a capitalist welfare economy, the worker has the
right not to sell his labour, but he is also threatened by unemployment – none
of these options are open to the workers in State socialism.

At this point I have to make a few specifications. Certainly in all empirically
known State socialist economies, the price of the labour does express to some
extent the value or surplus produced by the labour and, in certain instances, it
reflects also the changes in supply and demand. Wages in mining, for example,
are higher, or those who were prepared to settle the “virgin lands” of Siberia
under Krushtchev’s scheme, were also entitled to higher income. But these are
instances, I would argue, when planning is making compromises to market
forces, if labour cannot be recruited otherwise, they are willing to obey the
laws of supply and demand. The sad irony of the history is that labour camps
were quite functional during the early development of State socialism, they
furnished very cheap labour for areas where market would set a relatively high
price for it. Nowadays, largely as a result of political rather than economic
processes, forced labour is replaced with the more gallant compromise of planners
to the market. But these measures are clearly compromises, they are in
conflict with the ethos of rational redistribution and its reward system. Ideally,
in rational redistribution rewards are allocated according to levels of qualifica-
tion. The so-called socialist principle of allocation is the allocation according to
work, but labour, according to principles of orthodox political economy, is
divided into "simple" and "complex" (or skilled) and with the quite question-
able and certainly unsustained assumption that skilled labour is producing
more value than simple and is therefore better rewarded. This principle is
embodied in the wage-nomenclatures, where wage levels are systematically
increasing with the level of formal qualification. An unskilled worker is sup-
pposed to earn less than a skilled one, professionals should earn more than
workers, and when the miner or the settler on the virgin lands of Siberia breaks
this rule, he commits a sin, even if only a venial one. To be smart, to move
quickly into the fields where demand is great and supply is low, to make a lot
of money quickly just by recognising the opportunity, is not a socialist virtue.
I am convinced that this ethos is deeply socialised in East European societies;
the few with low qualification and high earnings suffer from guilt-feelings,
they are momentarily fortunate pariahs, but well aware of their deviant nature.
But even if someone would not internalise the dominating labour ethos of the
State socialist societies, the statutory obligation to sell the labour would basically
limit his chances for transaction in selling his labour. Everyone is obliged by
law to sell his/her labour to bureaucratic labour-organisations; if someone is
without a job he can, and frequently is, prosecuted. (The personal identifica-
tion card contains information about jobs and if at an identity check a police officer
notices that someone is out of a job for a given – fairly short – time, he has to
take action against the person concerned.) People have to work, they have to
do so usually in bureaucratic labour organisations and for administratively
fixed wages. If Weber is correct – and I think he is – and the central institu-
tion of any capitalist society is the labour market, then the core institution of State
socialist redistributive economy is the non-market trade of labour. An economy
becomes a redistributive one only when the labour market is abolished and
replaced with the non-market trade of labour.

It was necessary to show first how differently surplus is defined in market
and redistributive economies, and to draw the contrast between labour market
and non-market trade of labour to show the significant and qualitative differ-
ence between redistribution of real income in welfare societies under state
monopoly capitalism and redistributive economic systems under State socialism.
The welfare state in state monopoly capitalism attempts to redistribute real income but
this income is first defined on a labour market. This labour market is not
identical with the market of lassait faire capitalism due to State and trade union
intervention, but it is still a market, where in principle the actors can transact
with each other, can bargain for the price of labour, the owner of the labour
power is legally entitled not to sell his labour and labour also might remain
unsold. Under State socialism the State redistributes surplus, surplus which was never
accumulated in personal incomes, but which was directly centralized in the
State budget and reallocated according to centrally defined goals and values.
Technically speaking, the difference lies in the sources of national budgets;
capitalist welfare states rely heavily on different forms of taxes; socialist states
derive revenues directly from the production organizations. Let us again take
the example of housing to show the far-reaching consequences of these technical differences. In a capitalist Welfare state the total amount of housing cost is accumulated in the total amount of personal incomes. The distribution of these incomes is, on the other hand, highly unequal. A growing proportion of the working class is unable to sell its labour on the labour market which is manipulated by monopoly capital interests for a price which would include costs of housing. Under these circumstances, due to the deficiencies of the functioning of the labour market, the social reproduction process would break down, unless the State intervenes and reallocates income from higher to lower income groups by taxing the higher income groups and using these revenues for financing and subsidising housing for the poor. Under State socialism, housing costs are not accumulated in the total amount of personal incomes but they flow directly into the State budget and the State will provide housing for all, not only for the poor. By redistributing real income, the welfare state strengthens the nature of the socio-economic system. The principle of allocation when redistributing real income contradicts the principle which regulates the labour market and income formation (social justice or, more specifically, decent housing for all vs. competition, bargaining, transaction). This new principle will not override the old one, it remains dominant (since it is expressing the interest of the dominating class) but it is being challenged and, to some extent, it is limited. (In a simplified marxist analysis, one might say that “the profit hunger of the ruling class is limited to help the survival of the system of capitalist exploitation.”) Under State socialism, the same principle rules the non-market trade of labour as rules state housing or the state regulation of consumer prices, or the allocation of cash or non-cash benefits, etc. All these spheres are redistributive and all are based on the same reward system. Consequently, if the better qualified “deserves” higher income, it “deserves” also better housing, better medical services and better chances for his children to get a good education. Therefore, it is not surprising at all that under state monopoly capitalism, the scissor of social inequality is opened on the labour market and it is largest in terms of income, and is slightly diminishing due to the redistribution of real income, but under State socialism the inequalities of incomes are further increased by all redistributive measures of the State, all inequalities (in income, housing, etc.) being equally defined according to the logic of State socialist redistribution.

Up to now we have been talking about the structure of social inequalities and the mechanisms which bring them about in the two different systems. The question of the extent of social inequalities is another one. By proposing that there are inherent social inequalities under socialism, and that these inequalities are products of mechanisms which do serve equalizing functions under capitalism, I do not suggest that State socialist societies are more unequal than societies under State monopoly capitalism. It is extremely difficult to compare the general level of social inequalities between different socio-economic formations, and I have not seen any reliable study which has successfully mastered this task. If I were to design a study to compare State socialist and monopoly capitalist societies, my working hypothesis would be that, concerning the access to
material goods, the overall level of social inequalities is still lower in the contemporary East European societies that in Western Europe, in North America or in Australia.

True enough, the “redistributors” are “selfish”, they favour “their own kind” (or more sociologically speaking: the class which is organized around the monopoly of redistributive power), when they allocate scarce resources. High bureaucrats, their “executives” and ideologues will have better access to State-built new housing than the working class, but this privilege is quite a modest one in “natural terms”. A department head in the Central Committee or Central Planning office – a major power figure in the redistributive power hierarchy – who makes daily decisions affecting hundreds of millions of Forints, Zlotys or Leva will be satisfied with a two-bedroom flat on 55 m² on a crowded and ugly new housing development. It is true that you will find few workers in high season in the heavily subsidised trade union or party vacation homes, but most of the “bosses” there have to share bathrooms, they will eat quite inferior food and might not be able to afford a double Scotch each evening before dinner. I am inclined to believe that even if we can speak about a new ruling class in East European state socialism then it is the most miserable privileged class in the history of mankind.

But the main point of my argument is not about the extent of inequalities, but about their nature and structure. The crucial point is that the type of inequalities I described above are rooted in relations of production which are specific to state socialist redistributive economics. They are expressions of the basic conflict of State socialist societies, the conflict between the “immediate producer” and the “redistributor”. In a way the inequalities in the access to scarce material goods are only side products. If we can say that there is a new dominating class under State socialism then its main purpose is the maximization of redistributive power and better access to material goods is just a kind of “fringe-benefit” to its members. Especially in the early stages of development of capitalism, the level of consumption of the owners of capital was not necessarily very high (remember those who took seriously the teachings of Benjamin Franklin). What antagonizes the relationship between the owner of capital and the owner of the labour power is not the differences of their living standard, but the vested interest of the former in the maximization of profit, his interest in the capitalist system of exploitation. Similarly under State socialism the real antagonism between the immediate producers and those with redistributive power is emerging from the attempts of the “redistributors” to expropriate as much surplus as possible from those who are directly involved in the production process of material goods, to increase the amount of surplus which is available for redistribution, sociologically speaking to maximize redistributive power. It is only the individual interest of the department head of the Central Planning Office to get a free state built and owned flat which would add a half million Forints subsidy to his real income (the equivalent of a twenty-year income of an average industrial worker!), but his class interest is to increase the budget of his department with a few billion Forints next year, or more generally speaking to
increase the proportion of national income which is reallocated through the State budget. Redistributive mechanisms under State socialism are the tools of the already powerful to increase their power, they do not challenge the inherent logic of inequalities, they are based on the values which justify these inequalities so how could we expect an equalising effect from them. To use Gerschenkron’s terminology redistribution under State socialism is the historical “substitute” of the exploitative mechanisms of capitalist societies, as it is a qualitatively different phenomena than the redistribution of real income in welfare societies which is after all a countervailing mechanism, challenging more or less successfully, inside the limits set by the capitalist nature of reproduction process, inequalities inherent to societies with private ownership of the means of production.

Towards policies expressing working class interests under State socialism

Is such a countervailing mechanism possible at all under State socialism? After all, it also took quite some time before capitalism developed into the fairly articulated conflict system with a relative powerful expression of the countervailing working class interests. The more recent the lords in the house of the power are, the more emphasis they will give to the ideologies of concensus. First they have to consolidate their power before they let anyone challenge it.

The consensus ideology, surrounding State socialist redistribution is a very powerful one – principles like the scientific allocation of social resources, the need to defend the societal interests against the individualistic ones, the necessity of long term planning, the preference of long term interests against short term interests, etc. are very appealing especially to the large masses of intellectuals who at least pretend that they have knowledge – technical or ideological – useful for the fulfilment of these tasks.

A quite unconscious search for a counter-ideology of socialist rational redistribution was on the other hand always present in socialist thinking, but illusions about the expected effects of the abolishment of private ownership of the means of production prevented the development of a coherent alternative theory. True, already Engels in his essay “Socialism; utopian and scientific” attempts to shift emphasis from ownership relations in defining socialism as a system where the producers have direct control upon the conditions and products of their labour but he even did not contemplate about the possible conflict between the “direct control by the producer” and “public control by the State” (or any other public body). But the idea of the “direct power” or “direct control” survived – as a pure apologetical ideology in Soviet type of societies by pretending that the proletariat has direct power (for example in the so called “soviets”) when it obviously does not have it or more powerfully as the criticism of Soviet State socialism, the belief in non-bureaucratic, or “self managing” socialism, or socialism with a human face.

It is not the purpose of this paper – which is descriptive-analytic and not
ideological by intention – to take sides in this debate and to offer a description of a good, “better” or “real” socialism. It is probably enough if at this point we ascertain that the abolishment of private ownership of the means of production still leaves us with the unresolved dilemma: who will dispose with the products of labour, which are the principles which legitimate the right to dispose with surplus. In the State socialist societies of Eastern Europe the dominating principle which legitimates expropriation is the supposedly superior knowledge of the redistributor about the economically efficient and socially just allocation of social resources. But this principle can, and probably is more and more often challenged with the claim of producers to have the right to control the products of their labour – State socialist redistributive economy is challenged by economic mechanisms based on self regulation, self management.

This alternative principle of legitimation which corresponds to the immediate interests of the producers is on the other hand highly unarticulated. The East European societies are among the socially least conscious ones. But probably the working class of Eastern Europe is more aware of their antagonism with the “redistributors” than the ideologues, even if its “class-consciousness” is at the level of the consciousness of the Luddites. The riots in Gdansk during 1970 and further workers’ strikes and riots elsewhere in Poland during the summer of 1976 are dramatic indications that the class character of opposition movements in Eastern Europe might change. Most of the political dissent up to now was largely the internal affair of intellectuals, political struggle was the struggle between different groups of intellectuals for power. In 1956 in Hungary – as Bill Lomax demonstrated very convincingly in his book “Hungary, 1956” – the political upheaval of intellectuals in fact lead to a revolutionary movement of the working class, but it was only a by-product of an originally intellectual movement, so Poland is probably the first historical example where the industrial workers initiated change and not without success. But organised, declared strikes and riots are only extreme examples – quite desperate moves in societies where the police control is so strict as in Eastern Europe today. Workers’ attempts to challenge the redistributive economic system and to try to articulate their conflicting interests are much more widespread, but obviously quite unconscious or “spontaneous”.

Hethy and Mako in analysing labour-management relations in one of the main heavy industrial centres of Hungary could identify a quite deliberate strategy of the workers to slow down production process and withhold production as a powerful weapon against exploitative wage systems, a kind of “functional equivalent” of strikes. Hethy and Mako with good theoretical instinct went as far as suggesting that the workers in fact attempted to establish transactive relationships with management and they felt that their success to do so is the precondition of long term industrial peace between labour and management.

We might add that there are numerous other instances when the “working people” in fact strive for transactive relationships and try to get out of the “disposition” forced upon them by the logic of rational redistribution. The most
elementary interest of the immediate producer is to replace disposition with transaction on the non-market trade of labour, to increase his independence from the bureaucratic labour organisation. From the point of view of a class analysis peasant-workers are typical products of this struggle. The industrial worker who maintained his rural residence, to be able to establish a very intensive family mini-farm, producing goods for the urban market, providing income and covering the food needs of the family is more independent from the industrial employer than the established urban proletariat who does not have any income resource besides his wage. People with alternative income resources, people who do not have to worry about food and shelter might not be willing to work for exploitative wages, might give up their jobs if wages are too low and wait until another one comes. They are even in a better situation to manipulate the law about “vagrancy” not being before the eyes of the urban police. One of the unexpected consequences of the economic reform of 1968 in Hungary was the inflation of unskilled labour. Before the reform experts expected that wage differentials will increase if the labour movements and wage system is less administratively regulated, the price of qualified labour will increase more rapidly. Contrary to these expectations, wage differentials shrank, it turned out to be unskilled labour which found itself in a more powerful bargaining situation. But these unskilled workers were mainly peasant-workers who immediately exploited the more transactive relationships of the economic reform, if industrial wages were not high enough they fluctuated back to agricultural co-operatives and quite few of them using the less administrative regulation of urban fruit and vegetable market developed their family mini-farm into productive, efficient enterprises. A few of them even started to buy the old, scrapped tractors of agricultural cooperatives, fixed them and increased productivity of their mini-farms. Commodity producing peasant-workers started to purchase small vans to transport quickly their products to the cities. Quite a few agricultural co-operatives followed the pattern set by family mini-farming, not being bound by so strict wage regulations as the industry the increased wages attracted workers back from urban industry and set up industrial side branches. This industrial side branches were under-capitalised and badly equipped, still they could compete with the large scale industry organised according to the logic of redistributive economy since they turned out to be more transactive.

Many critics of the economic reforms both inside Eastern Europe and in the West would identify the process I just described as signs of the capitalist restoration, but I would see in them signs of the class struggle of the immediate producer to challenge the redistributive system of economy, to replace their dispositive situation in the labour-trade with a transactive one. After all the described process did not lead to the accumulation of capital, the peasant-workers did not use hired labour, all that they attempted to do to sell the products of their own labour and to withhold – actually only temporarily – their labour power from bureaucratic labour organisation and to force redistributive power to appropriate less surplus and give more scope to the autonomy of consumers. The abolishment of the private ownership of the
means of the production was not questioned, it was not private property which emerged from the economic reforms, but more self-regulating economic system, offering more chance of bargaining for the owners of the labour and more autonomy of the consumer. On the other hand this development obviously threatened redistributive power and when from the early seventies step by step the concessions of the reforms were taken back then it was a movement to restore redistributive power, to discipline the working class. Laws prohibiting the “private purchase” of tractors and vans, the industrial side branches of agricultural co-operatives were introduced during the early seventies in Hungary and their purpose was clearly to make peasant-workers more dependent from bureaucratic labour organizations. As a significant step in taking back the concessions of the Hungarian reforms of 1968 from the early seventies, those who wanted to change employer for the second time in a year were obliged to use the services of a state employment agency, the right to choose an employer was suspended. This measure hit again the working class, especially the unskilled labour, who used high labour turnover as a weapon to increase wages.

In turning back now to the introductory remarks and hypothesis of this paper, I would like to emphasize again that in evaluating the social consequences of policy measures in State socialist societies we have to re-evaluate our conceptual tools since the social meaning and consequences of superficially similar mechanisms can be strikingly different in State socialist redistributive economies than in capitalist societies. In State socialist societies those policies will express the immediate interests of the working class which challenge redistributive power, increase the bargaining power – collective or individual – of the workers.

If the political system would allow the establishment of a genuine workers party, dedicated to the articulation of working class interest, then this party could challenge the “conservatives”, the bolsheviks, the representatives of redistributive power by elaborating and alternative strategy based on the principles of self-management, self-regulation, and the autonomy of employees and consumers. The most important goals in the programme of such a party would be to guarantee the legal and economic conditions of free employment, to allow the producers to decide if they want to sell their labour power or rather the product of their labour, to allow them to withhold their labour when they find the price of the labours disadvantageous. (Curiously enough such a party might even fight for the “freedom to become unemployed”.) Such a party probably would fight for the “free association of producers”, namely for the right to establish alternative production organisations, which are not directly controlled by State redistributive power, in which producers can decide themselves how much they want to accumulate and how much they want to pay out to themselves in forms of wages. An equally important issue would be to increase the autonomy of the consumer, to question that the redistributor “knows better” what people need and should consume, to accumulate a larger proportion of means in personal incomes and consequently to decrease the financial means which are allocated by the redistributors in forms of “collective con-
sumption”. To sum up, such a party would fight for more equality by limiting redistributive power and challenging it from the standpoint of “self-determination of the immediate producer”.

I used the programme of this imaginary “workers party” just as a didactic tool to bring my points through and I am not suggesting that we could or should expect the emergence of such an opposition party in Eastern Europe. History is more imaginative than we are and can produce new institutions and mechanisms, can create structures and I am not prepared to predict the possible political system of a developed socialist society. On the other hand I am quite sure that the developed stage of socialism will differ from the present early stage by offering more scope to the articulation of working class interests and to the development of an alternative “ethos” which would challenge the principles of legitimation of redistributive power. At present the handling of inequalities and conflict inherent to the functioning of State socialist redistributive economics is basically a “philanthropical” one and compares quite well with late nineteenth century anglo-saxon “charity” – there are always “good redistributors” who are ready to “help the poor” if they “deserve it”, like the “good capitalist” of the last century. But probably with the consolidation of redistributive power we might expect the institutionalisation of the articulation of oppressed interest as the pre-condition for the development of real social policy.

The argument of this paper remain largely in a reformist framework, the sketched “party programme” is that of a reformist and not a revolutionary party. Probably only due to the highly underdeveloped nature of an alternative theory of “self-managing socialism” it is difficult to imagine how a society where the dominating principle of legitimation is the “self-determination of immediate producers” would function. Probably Yugoslavia is the closest approximation, at least it is a country with a confessed ideology of “self-management” but socialist critics of the Yugoslav model who are more familiar with the empirical fact of this society are quite doubtful about the genuine nature of self management – Yugoslavia might be just the most humanised version of East European State socialism. Anyway with my present knowledge about actual socio-economic processes in societies which abolished the private ownership of the means of production it is hardly possible to imagine a socialist society without a strong redistributive power and it is highly probable that in a more developed stage the dominating principle of legitimation remains that one of the rational redistribution. Consequently the more developed stage of socialism in Eastern Europe might just be a reformed version of the present system and not a revolutionary negation of it. The novelty of the next stage is probably only an institutionalised articulation of interests and of an ethos in structural conflict with those of the redistributive economy, but without questioning the primacy of redistributive power.

Let us illustrate this point again with the previous “didactic example”. If a “workers party” would ever succeed to defeat the “conservatives” and would gain power, it would have to accept the “realities of redistribution”. The
"new party in power" would take over the old bureaucracies which expropriate surplus and would maintain a large – probably just slightly smaller than under the "conservatives" – sphere of redistribution.

Like reformist social democrats learned to live with private property if they want to be in government, the “party of workers self determination” would probably similarly compromise with the institution of redistribution. What realistically can be expected is not more and not less than the institutionalisation of oppressed interests, in a way the transformation of State socialist societies into more articulate conflict systems.

I wanted to present a diagnosis and not an ideological dream even when I attempted to predict the possible lines of socio-economic and political change. But I think these changes are necessary not only desirable. At present majority interest in East European State socialism is highly inarticulated which builds the element of instability into these societies, relatively minor political upheavals can threaten the basic social structure, consequently the ruling elite will be ruthless in oppressing any kind of opposition. In fact during the last two decades the ruling elite became less ruthless, more tolerant, allowed the demystification of certain ideologies and in the long run this might lead to the conscious development of policies expressing interests of the working class even if these are in structural conflict with dominating redistributive interests.

APPENDIX A

There are no systematic, nationally representative data as far as I know concerning the correlation of social status or income with housing allocation, but all data from Hungary, Poland and Czechoslovakia I could find indicates that the better qualified and consequently higher income groups have better access to State owned housing, the less qualified and lower income groups will more probably depend on the market, they will own their homes.

For Hungary the most systematic data are available from the survey I carried out with George Konrad in 1968 on a representative and fairly large sample in two cities (Pecs and Szeged). The different social strata rented, owned or shared their housing in the following proportions.

<table>
<thead>
<tr>
<th></th>
<th>Rent</th>
<th>Own housing (in %)</th>
<th>Share</th>
<th>Respondents all together</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>N</td>
<td></td>
<td></td>
<td>N</td>
</tr>
<tr>
<td>High bureaucrats and</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>leading professionals</td>
<td>58.9</td>
<td>34.4</td>
<td>6.6</td>
<td>90</td>
</tr>
<tr>
<td>Other professionals</td>
<td>59.4</td>
<td>31.2</td>
<td>9.4</td>
<td>128</td>
</tr>
<tr>
<td>Technicians</td>
<td>46.9</td>
<td>44.5</td>
<td>8.6</td>
<td>254</td>
</tr>
<tr>
<td>Clerical workers</td>
<td>53.6</td>
<td>34.6</td>
<td>11.7</td>
<td>112</td>
</tr>
<tr>
<td>Employed in services</td>
<td>50.6</td>
<td>34.8</td>
<td>15.0</td>
<td>73</td>
</tr>
<tr>
<td>Skilled workers</td>
<td>40.1</td>
<td>48.7</td>
<td>11.2</td>
<td>474</td>
</tr>
<tr>
<td>Semi-skilled workers</td>
<td>40.6</td>
<td>46.8</td>
<td>12.6</td>
<td>271</td>
</tr>
<tr>
<td>Unskilled workers</td>
<td>35.9</td>
<td>52.1</td>
<td>12.1</td>
<td>217</td>
</tr>
<tr>
<td>Agricultural labourers</td>
<td>8.4</td>
<td>91.7</td>
<td>0.0</td>
<td>36</td>
</tr>
<tr>
<td>Former white collars in pension</td>
<td>58.5</td>
<td>32.3</td>
<td>9.1</td>
<td>99</td>
</tr>
<tr>
<td>Former blue collars in pension</td>
<td>44.4</td>
<td>48.3</td>
<td>6.7</td>
<td>387</td>
</tr>
</tbody>
</table>
The best data I could find for Poland are from the survey carried out by Wesolowski et al in 1964–65 on the social stratification of three Polish cities (Lodz, Szczecin and Koszalin). They found that in the cities they investigated the different social strata lived in the following proportions in newly built, state owned flats: (in %)

<table>
<thead>
<tr>
<th>Profession</th>
<th>Proportion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Professionals</td>
<td>40.6</td>
</tr>
<tr>
<td>Technicians</td>
<td>22.8</td>
</tr>
<tr>
<td>Clerical workers</td>
<td>22.8</td>
</tr>
<tr>
<td>Employed in services</td>
<td>15.7</td>
</tr>
<tr>
<td>Workers in supervisory positions</td>
<td>17.4</td>
</tr>
<tr>
<td>Skilled workers</td>
<td>12.6</td>
</tr>
<tr>
<td>Semi and unskilled workers</td>
<td>8.8</td>
</tr>
</tbody>
</table>

Families in different income groups lived in newly built, state owned housing in the following proportions (in %, income in Zloty per month)

<table>
<thead>
<tr>
<th>Income Range</th>
<th>Proportion</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000 zl</td>
<td>10.6</td>
</tr>
<tr>
<td>2001 – 3000</td>
<td>18.2</td>
</tr>
<tr>
<td>3001 – 4000</td>
<td>34.4</td>
</tr>
<tr>
<td>4001 and more</td>
<td>37.3</td>
</tr>
</tbody>
</table>

(source: Slomczynski, K. and Wesolowski, W., 1970, pp. 108 and 111)

Data from Czechoslovakia are even less systematic, but they also point into the same direction. L. Mackova in 1967 carried out a survey among those who lived in the most frequently built standard apartment house type (these standard houses were the TO-6B and TO-8B houses. Unfortunately I do not know precisely what proportion of new State housing was built in these two standard house types, but there is no reason to believe that in other house types social stratification might be different.) Her survey was representative for all cities in Bohemia. She found that the tenants in the new flats she surveyed were distributed among the different occupational groups the following way: (in %)

<table>
<thead>
<tr>
<th>Occupation</th>
<th>Proportion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unskilled workers employed in services</td>
<td>8.2</td>
</tr>
<tr>
<td>Unskilled industrial workers</td>
<td>0.6</td>
</tr>
<tr>
<td>Skilled workers</td>
<td>32.7</td>
</tr>
<tr>
<td>Clerical workers</td>
<td>6.5</td>
</tr>
<tr>
<td>High bureaucrats and leading professionals</td>
<td>29.4</td>
</tr>
<tr>
<td>Other professionals</td>
<td>21.0</td>
</tr>
<tr>
<td>Inactives</td>
<td>1.6</td>
</tr>
</tbody>
</table>

100.0% (N = 510)

(source: L. Mackova, 1970, p. 10)

In another survey in 1970 representative for cities in Bohemia L. Mackova found that families living in housing newly built by the State were distributed the following way among occupational groups:

<table>
<thead>
<tr>
<th>Occupation</th>
<th>Proportion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Workers</td>
<td>35.7</td>
</tr>
<tr>
<td>White collars</td>
<td>39.7</td>
</tr>
<tr>
<td>High bureaucrats and leading professionals</td>
<td>11.6</td>
</tr>
<tr>
<td>Inactives</td>
<td>6.5</td>
</tr>
<tr>
<td>Fatherless families</td>
<td>6.4</td>
</tr>
</tbody>
</table>

100.0% (N = 930)

(source: L. Mackova, 1971)
APPENDIX B

The figures expressing the social consequences of redistribution through the deviation of prices of consumer goods from production costs (by taxation or subsidies) are the following (data are calculated for one year):

<table>
<thead>
<tr>
<th></th>
<th>Real value of the unit of expenditure</th>
<th>Total amount of expenditures</th>
<th>Total expenditures + taxes or subsidies in Forints</th>
<th>Redistribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>High bureaucrats and professionals</td>
<td>1,048</td>
<td>24,084</td>
<td>25,232.4</td>
<td>1,148.4</td>
</tr>
<tr>
<td>Other white collar</td>
<td>1,049</td>
<td>21,174</td>
<td>22,208.0</td>
<td>1,034.0</td>
</tr>
<tr>
<td>Skilled and semi-skilled workers</td>
<td>1,044</td>
<td>16,534</td>
<td>17,266.8</td>
<td>732.8</td>
</tr>
<tr>
<td>Unskilled workers</td>
<td>1,038</td>
<td>14,076</td>
<td>14,604.9</td>
<td>528.9</td>
</tr>
<tr>
<td>White collars all together</td>
<td>1,049</td>
<td>21,770</td>
<td>22,827.4</td>
<td>1,057.4</td>
</tr>
<tr>
<td>Industrial workers all together</td>
<td>1,043</td>
<td>16,133</td>
<td>16,832.5</td>
<td>699.5</td>
</tr>
<tr>
<td>Families with industrial and agricultural income</td>
<td>0.981</td>
<td>14,035</td>
<td>13,789.6</td>
<td>-245.4</td>
</tr>
<tr>
<td>Agricultural labourers</td>
<td>0.989</td>
<td>12,694</td>
<td>12,560.5</td>
<td>-133.5</td>
</tr>
</tbody>
</table>

(source: J. Ladanyi, 1975/a, p. 23)

APPENDIX C

The monthly cash allowances were the following by occupational and income groups in 1967 in Hungary:

<table>
<thead>
<tr>
<th>Occupational groups</th>
<th>Monthly per capita cash allowances (in Forints)</th>
<th>Income groups by per capita monthly income (in Forints)</th>
<th>Monthly per capita cash allowances (in Forints)</th>
</tr>
</thead>
<tbody>
<tr>
<td>High bureaucrats and</td>
<td>107</td>
<td>- 600</td>
<td>147</td>
</tr>
<tr>
<td>professionals</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Middle management</td>
<td>97</td>
<td>601 - 800</td>
<td>150</td>
</tr>
<tr>
<td>Other white collar</td>
<td>110</td>
<td>801 - 1000</td>
<td>138</td>
</tr>
<tr>
<td>White collars all together</td>
<td>102</td>
<td>1001 - 1200</td>
<td>126</td>
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<tr>
<td>Skilled workers</td>
<td>90</td>
<td>1201 - 1400</td>
<td>113</td>
</tr>
<tr>
<td>Semi- skilled workers</td>
<td>87</td>
<td>1401 - 1600</td>
<td>105</td>
</tr>
<tr>
<td>Unskilled workers</td>
<td>86</td>
<td>1601 - 1800</td>
<td>105</td>
</tr>
<tr>
<td>Industrial workers all</td>
<td>88</td>
<td>1801 - 2000</td>
<td>89</td>
</tr>
<tr>
<td>together</td>
<td></td>
<td></td>
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<tr>
<td>Agricultural labourers</td>
<td>48</td>
<td>2001 - 2400</td>
<td>97</td>
</tr>
<tr>
<td>Inactives</td>
<td>398</td>
<td>2401 -</td>
<td>88</td>
</tr>
</tbody>
</table>

(source: S. Ferge, 1975, p. 719 and Hungarian Central Statistical Office, 1972, pp. 183 and 188)
The distribution of non-cash allowances by occupational and income groups were the following:

<table>
<thead>
<tr>
<th>Occupational groups</th>
<th>Monthly per capita non-cash allowances (in Forints)</th>
<th>Income groups by per capita monthly income (in Forints)</th>
<th>Monthly per capita non-cash allowances (in Forints)</th>
</tr>
</thead>
<tbody>
<tr>
<td>High bureaucrats and professionals</td>
<td>260 - 600</td>
<td>601 - 800</td>
<td>156</td>
</tr>
<tr>
<td>Middle management</td>
<td>221</td>
<td>1001 - 1200</td>
<td>167</td>
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<tr>
<td>Other white collar</td>
<td>220</td>
<td>1001 - 1200</td>
<td>171</td>
</tr>
<tr>
<td>White collars all together</td>
<td>235</td>
<td>1001 - 1200</td>
<td>167</td>
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<tr>
<td>Skilled workers</td>
<td>163</td>
<td>1201 - 1400</td>
<td>161</td>
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<td>Semi-skilled workers</td>
<td>153</td>
<td>1401 - 1600</td>
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<tr>
<td>Unskilled workers</td>
<td>149</td>
<td>1601 - 1800</td>
<td>163</td>
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<tr>
<td>Industrial workers all together</td>
<td>157</td>
<td>1801 - 2000</td>
<td>157</td>
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<td>Agricultural labourers</td>
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<td>2001 - 2400</td>
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<tr>
<td>Inactives</td>
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<td>2401 -</td>
<td>193</td>
</tr>
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