Products Liability in the Soviet Union

Introduction

Nature of the Problem

Technical progress has contributed to the development of an enormous variety of new products, most of which are safe and reliable. But some products, even if they enable the user to do things more efficiently than he could before, oftentimes pose a certain risk to life, limb or property. The crucial policy question facing decision makers in every country in the world is—all things considered, who should bear the risk? Should it be the manufacturer, who has, let us say, exercised all possible care in the preparation and sale of his product? Or should liability fall on the retailer, who generally is quite unaware of the existence of latent defects in the many different types of products which he is marketing, especially if the products come in mass produced packages or containers? Or, in keeping with the maxim caveat emptor, should the loss fall on the consumer, who normally knows even less about the existence of possible defects in the product than the retailer, and whose state in life practically necessitates that he rely on a wide variety of products in order to perform a whole series of routine occupational and recreational activities? In seeking to influence human behavior in this area, should the policy maker place emphasis on the duty to exercise due care, or should he accept as inevitable the fact that some products are bound to be manufactured imperfectly, that these imperfections are going to cause some damage and injury, and that the cost thereof should be spread on all of society by means of some form of insurance?

*J.D. 1960, Fordham; Dr. Jur. 1965, Kolin, Professor of Law, University of San Diego School of Law.

The answers to these questions involve the consideration of several academic disciplines. This article will explore the problem with reference to the law of the Soviet Union. However, the approach adopted will not be exclusively legal. It is clear that the decision to allow or not to allow a person who has been injured by a defective product to recover damages from the seller or manufacturer of that product has immediate and perceptible economic consequences. It may also imperceptibly influence human behavior. Some believe that a fault requirement for liability enhances the standard of care and acts as a deterrent to carelessness. Others feel that basing the manufacturer's liability on fault is too cumbersome, involving elements of proof most of which are exclusively within the ken and control of the manufacturer, and that if you are to succeed in raising his standards, you must impose strict liability on him regardless of fault.

Economics offers an example. In the United States, rules developed by the courts have gone so far in imposing liability on the manufacturer that some firms have been literally forced out of business.\(^2\) Those that manage to stay in business are compelled to shift the burden of high court awards, plus the premiums for liability insurance, onto the consuming public in the form of increased product prices. It was judicially planned this way. By holding the manufacturer strictly liable, so a New Jersey court said in 1960, "the burden of losses consequent upon use of defective articles is borne by those who are in a position to either control the danger or make an equitable distribution of the losses when they do occur."\(^3\)

In a majority of jurisdictions the United States, a person injured by a defectively manufactured product may recover compensatory damages from the manufacturer if he can prove: (1) the fact of his injury; (2) the fact that the injury was caused by a defect in the product; and (3) the fact that the defect was in the product before it left the control of the manufacturer. In most states, the plaintiff need not prove that the manufacturer was negligent, that he stood in contractual privity with him, or that the manufacturer breached an express warranty to him. Given the facts stated above, strict liability in tort is imposed on the manufacturer.\(^4\)

I

Defective Products in the Soviet Union

From a comparative point of view, many of the objective factors associated

---

\(^{1}\)See the report in the Wall Street Journal, 3 June 1975, pp. 1, 12.


\(^{3}\)Section 402 A of 2ND RESTATEMENT OF TORTS.
with products liability are present in the Soviet economy. Most products are mass produced, reaching the consumer only after having passed through several intermediate processing and distributing organizations. Moreover, as is well known, the quality of Soviet products has been traditionally poor. A casual reading of the popular Soviet press—letters to the editor of Pravda; cartoons in Krokodil—is sufficient to alert the reader to a problem of potentially staggering proportions. Typical is an account in Izvestia of how a state enterprise named Tatspetsmontazh turns out defective silos:

Of seventeen new fodder storage facilities built in Nizhnekamsk District last year, only two are in working condition. The rest, although legally accepted for operation, can store little more than air. One of them even collapsed from a gust of wind. The gust of wind did not blow away the acceptance document, however. Of 93 silos erected in Tataria in the last 5 years, only seven are functioning today. What is more, Tatspetsmontazh has also been building silos [elsewhere]. How many of those are functional no one knows. Since the clients do not speak up, more and more of these unfinished structures are being accepted for operation. This situation seems to be benefiting no one except the Tatspetsmontazh building trust. Its performance reports indicate a very high level of production plan fulfillment.

Consider also this account taken from Pravda:

We heard alarming facts at the Georgian Ministry of Trade's Chief Administration for the State Inspection of the Quality of Goods and Trade. Thirty-five percent of the inspected goods produced by local industry last year either had their quality rating reduced or were completely rejected. Thus all leather footwear, socks and stockings and galvanized dishware were returned to the suppliers. The trade network refused to accept 27 different kinds and varieties of products manufactured at 11 of the branch's enterprises. It's no accident that out of more than 2,000 varieties of goods with local industry trademarks only two bear the Seal of Quality.

For the Western reader, however, perhaps the most publicized example of Soviet sub-standard production is that associated with the problems which Fiat was experiencing in building the car factory in Togliatti. According to a report in Time, which was later confirmed by Pravda, "... fully half the parts furnished by Soviet suppliers had to be discarded."

So it is clear that there are plenty of products which are manufactured defectively in the Soviet Union. Despite the strident appeals made in the XXV Party Congress to raise the quality of life in the USSR by paying more attention to the quality of the work-product, many of these defective products leave Soviet

---


7Checking on Quality: Manufactured Locally, taken from the February 27, 1975 issue of Pravda, translated in vol. 27 CURRENT DIGEST OF THE SOVIET PRESS No. 9, March 26, 1975, pp. 25-26.

8East-West Trade: Ordeal on the Volga, Time, 5 March 1973, p. 60.
factories and are delivered to other state enterprises or are sold as consumer items to the general public. In looking for evidence of products liability analogs in the USSR, we shall focus on the general problem of poor quality production. Probably the best way to go about this problem is to ask this question: What happens in the Soviet Union when defective products are put into the stream of commerce? If the product has been delivered pursuant to a supply contract, what remedies does the disappointed consignee have against the manufacturer-supplier? If the product has been sold by a sales contract to a member of the general public, what remedy does the disappointed consumer have against the seller? Against the manufacturer?

Remedies of the Consumer

IN CONTRACT

According to the Civil Code, the quality of a product sold to a consumer must correspond to the terms of the contract, or if the contract is silent on this point, to customary demands (§ 245 C.C.). If the product should prove defective, the Code gives the consumer a choice of remedies. He may demand:

Either substitution of a proper article, as defined in the contract by generic characteristics, for the article of improper quality;

or a proportionate decrease in the purchase price;

or removal of the defects in the article without charge by the seller or compensation for the expenses incurred by the buyer in removing them;

or rescission of the contract with compensation to the buyer for damages.10

The disappointed buyer has six months from the date of delivery to present his claim to the seller (§ 247 C.C.). If the product was purchased in a retail-trade organization with a guarantee, this reclamation period may be extended for the length of the guarantee calculated from the date of the sale. The statute permits the seller to avoid liability if he can show that the buyer himself was the sole cause of the defect (§ 248 C.C.).

In practice, it would appear that most consumers do not sue the seller in the People's Court under Section 246 of the Civil Code. Rather, in accordance with the provisions of the sales contract, they take appropriate steps to have the defective product repaired or exchanged.11 Judging from reports in the popular

---


press, these remedies have been less than satisfactory. Consider the example of refrigerators. In 1975 N. Slednikov, Director of the USSR Ministry of Trade's Chief Administration for Wholesale Trade in Cultural Goods and Household Appliances, reported that customers and stores rejected as defective nearly 500,000 refrigerators, about 9 percent of that year's production. A Soviet consumer who pays 200 to 300 rubles for a refrigerator that has a latent factory-caused defect is in a most unhappy situation. He has the option of waiting long periods of time before the item is replaced, or he takes his chances on the quality of work done by the Household Appliances Repair Associations. The multiplicity of problems associated with defective merchandise and shoddy repair work appears to pervade the entire Soviet economy. In an article appearing in *Izvestia*, the author, director of a state production enterprise, addressed himself to the suggestion that things would be improved if the repair work on television sets could be transferred from the repair shops to the manufacturer:

The television repair shops of the republic Ministries of Everyday Services to the Population cannot do prompt, reliable work because they are poorly equipped, poorly stocked and manned by poorly trained technicians. Lots of them would like to set up regular assembly lines for the replacement of ailing functional units in sets, and in fact many have actually asked us to help by designing and building some of the needed equipment. Unfortunately we cannot honor their requests. But we can appreciate how their desire to industrialize is thwarted by the unavailability of specialized machinery, tools and test instruments. The sorry consequence is that highly sophisticated television sets fall into ill-equipped hands when they need service.

A regulation designed to protect the consumer states that if a color television cannot be repaired locally within two weeks it must be returned to the factory. Since most repair shops do not have a good, up-to-date stock of parts or the right equipment and knowledge, this means a lot of sets with minor problems are shipped back to us. This is very costly to the manufacturer for several reasons. For one thing, rail or air freight costs around 15 to 20 rubles. Furthermore, we are required to pay the store a penalty of 110 rubles. Then the actual repair work on a returned set may run as high as 200 rubles. This is because defective televisions are often treated like junk.

Thus as far as his remedies based on the sales contract are concerned, the Soviet consumer would seem to be in a most unfortunate predicament. He must first exhaust the possibilities of repair or exchange, and even if he should obtain a refund of the purchase price, with or without litigation, it is doubtful whether such a Pyrrhic victory would be of much assistance to him, for he still does not have a quality product. With his refund in hand, he has no choice but to spend

---


12 *See generally, Schroeder, Soviet Economic Reform at an Impasse, 20 PROBLEMS OF COMMUNISM* 36 (July-August 1971).

it in a marketing system that resists new technology, stresses quantity over quality, and is thoroughly imbued with a "take-it-or-leave-it" attitude toward the customer. Despite the sloganeering of the Party, from Krushchev's "goulash Communism" down to the present, the Soviet consumer still gets what is left-over after military orders, which occupy top priority, are filled.

IN TORT

But suppose the defective product should cause personal injury to someone, or cause personal property to be damaged or destroyed. For example, suppose the buyer or his friend is injured by a defectively manufactured power tool. Under Section 444 of the Civil Code, the injured party may sue "the person who has caused the injury," a concept broad enough to encompass both seller and manufacturer. Privity of contract is not necessary, so even the innocent bystander injured by an exploding pump would have a cause of action against the tortfeasor. In order to recover his damages, the plaintiff would have to prove his injury and the fact that defendant caused it by some act or omission. Once having done this, fault is presumed and the defendant is liable unless he can establish that he acted without negligence. If the defendant shows contributory negligence on the part of the plaintiff, the court will take this into account in awarding damages. Unlike the rule in many jurisdictions in the United States, contributory negligence does not defeat plaintiff's tort claim in the Soviet Union (§ 458 C.C.).

From the above, it will be noted that recovery under Section 444 of the Civil Code is based on the fault or negligence of the defendant. To be sure, plaintiff's case is aided by a statutory presumption of law, but the defendant escapes liability if he can show that he exercised due care in the manufacture and/or marketing of the defective product. Under Soviet law, is it possible to hold the manufacturer to strict liability in tort?

Yes (under § 454 of the Civil Code), if the injury is caused by an extra-hazardous source, the tortfeasor is strictly liable, unless he can "prove that injury arose through intent on the part of the victim or through irresistible force." What is an "extra-hazardous source" under Soviet law? To date, tractors, combine harvesters, automobiles, trains, boats, gas and steam engines and, not surprisingly, explosives have all been held to fall within the strict liability provisions of Section 454 C.C. To be sure, these cases involve


liability of those in possession of the extra-hazardous source, but there is no insuperable logical difficulty in using causation in fact to find the manufacturer not in possession to be strictly liable for releasing an inherently dangerous product. Once this step is taken, it would be possible to extend the scope of liability by finding an extra-hazardous source to exist in products which, although not inherently dangerous when properly manufactured, become a source of danger when defectively produced. The very fact that a product has caused injury is itself some evidence of its dangerousness. Since sovereign immunity is no bar to a suit by a citizen against a state enterprise manufacturer, the foregoing analysis indicates that the Soviet legal system contains the conceptual and adjudicatory framework with which a system of products liability law may be developed, either under Section 444, requiring negligence on the part of the manufacturer, or under Section 454, which imposes liability without negligence for injuries caused by especially dangerous instrumentalities, or under both statutes.

But do the decision makers in the USSR really desire to develop this field of law? Do they want to encourage litigation in the People’s Court as a means of improving the quality of production of consumer goods? Before attempting to answer these questions, let us examine another aspect of poor quality production, namely, in the economic contract relations between state enterprises.

II

According to Soviet law, a delivery contract is used as a means to achieve the targets of the plan. Once he receives his production orders and delivery orders from the planning authorities, the director of a Soviet economic enterprise is legally obliged to enter into whatever economic contractual relations are necessary in order to fulfill his planned task. Two things characterize the life of the Soviet manager: (1) high planned targets; (2) chronic shortages of materials.

---

18Section 446 C. C.; Barry, Governmental Tort Liability in the Soviet Union, 20 Rutgers L. Rev. 300 (1966).
19Reference should be made to the existence of a system of social insurance in the Soviet Union. Payments made under it normally do not cover all expenses incurred by the injured party, who is forced by economic necessity to sue the tortfeasor for damages. See Hazard, Communists and Their Law, Chicago: University of Chicago Press, 1969, p. 387.
In the early years of industrialization under the Five Year Plans, no thought was given to the quality or attractiveness of goods. The main drive then was to fulfill planned production quotas expressed in terms of weight (tons of pig iron), length (meters of rolled steel), etc. Regardless of cost, quantity was the main thing.

By the mid-1960s it had become apparent to Soviet leaders that the old methods of administrative fiat and excessively centralized economic decision making were inadequate to maintain a satisfactory rate of economic growth at home and to compete with the West abroad. Inspired by the ideas of Yevsei Liberman, reforms were introduced which were designed to increase the independence of enterprises from centralized planning authorities, evaluate their work by the criterion of profitability, and encourage them to think in terms of quality as well as quantity. Kosygin announced that profits, sales and rate of return of investment were to replace fulfillment of quotas as the principal success indicators for the Soviet enterprise. Before evaluating the progress of these reforms, let us examine the legal framework for controlling and promoting the quality of production in the area of economic contracts in the USSR.

Under the delivery contract, "operative management" and not legal title, is transferred from the supplying state enterprise to the consignee. According to the Soviet Constitution, legal title to such products, which are deemed to be "instruments and means of production," is in the state. The quality of goods delivered must, pursuant to Section 261 of the Civil Code, "correspond to state standards, technical specifications or samples." It is possible, however, for the parties to agree on a higher, but not a lower, quality than that prescribed by GOST.

From reports in the Soviet press, it is obvious that substandard goods are being shipped to contract consignees. By statute, the consignee "must refuse to accept or pay for the goods," and if he has already paid for them, he is entitled to recover this sum (§ 261 C.C.). The statute further indicates that other options may be open to the disappointed promisee:

However, if the defects in the goods delivered can be removed without returning them to the supplier, the buyer has a right to demand of the supplier correction of the

---

4 Constitution of the USSR, Articles 4, 6 and 10.
5 Statute on Deliveries of Products Intended for Production and Technical Uses, in 2 SOVIET STATUTES AND DECISIONS No. 2, p. 39.
defects in the place where the goods are located or to correct the defects by his own means at the supplier's expense.

If goods delivered correspond to state standards or technical specifications, but are of a lower grade than that agreed upon, the buyer has a right either to accept the goods and pay for them at the price established for goods of such grade or to refuse to accept and pay for them.\(^2\)

If the buyer desires to take legal action against the supplier, he has six months from the date of discovering the defect in which to file his claim.\(^2\) It is possible for the contract to establish a guarantee period. In such a case, the supplier is obliged, without reimbursement, to eliminate all known defects or to replace the product within the time period agreed upon by the parties.\(^3\)

Suits brought by state enterprises for breach of delivery contracts go before the special tribunals of State Arbitration.\(^31\) If the contract breach is founded upon a non-conforming shipment of defective or sub-standard products, the Gosarbitrazh tribunal is empowered to award damages, impose a fine, and in most cases will insist upon specific performance of the quality provisions of the delivery contract. Section 266 of the Civil Code provides:

In the event of delivery of goods of improper quality or of goods in incomplete units, the buyer recovers from the supplier the established penalty and, in addition, the damages caused by such delivery, calculated without deducting the penalty.

In 1972, the regulations provided for a 20 percent fine of the value of the shipment in the event of delivery of goods below state specifications.\(^32\) Although the fines, penalties and forfeitures provided by law are apparently mandatory and may not be waived by the parties,\(^33\) there is much evidence to suggest that contract breaches are often forgiven if not forgotten. This is especially true if the sub-standard goods have been shipped by a large and important supplier. It would apparently not be in the best long term interests of the disappointed consignee to complain about a poor quality shipment before Gosarbitrazh. This would antagonize the supplier who would most certainly reciprocate by refusing to do a favor in the future.\(^34\) Perhaps more important in explaining the reluctance which state enterprises have for taking formal legal action

\(^{28}\)Section 261 C.C.

\(^{29}\)Section 262 C.C.

\(^{30}\)Except where the buyer himself is solely responsible for the defects, e.g. when he fails to properly store the delivered goods; cf. Statute on Deliveries, supra note 27, p. 42; see also Bratus, The Contract of Delivery of Goods in Soviet Law, 1962 J. Bus. L. 262, 267; Speer, op. cit., note 20.

\(^{31}\)HAZARD, LAW AND SOCIAL CHANGE IN THE USSR, London: Stevens & Sons Ltd., 1953, pp. 50-51.


\(^{33}\)Loebel, op. cit., note 20, p. 142.

\(^{34}\)FEIWEL, op. cit., note 32, suggests that a sued supplier will get even by deliberately defaulting on future deliveries.
against one another is the fact that despite the recent reforms stressing cost-consciousness, profits and quality work, the all-important success indicator in the Soviet economy remains plan fulfillment. As long as defective products are counted in the fulfillment of planned tasks, there will be enterprise directors who will be tempted to release them, and other directors, forced to operate under constant material shortages, who will accept delivery of them "as is" and make the best of it. State enterprise directors in the USSR, unless they are active in the field of military procurement, do not have to worry about pleasing the customer. They are primarily concerned about winning the "paper war" with the ministries.

One caveat, however. If a breach of delivery contract case goes to Gosarbitrazh, that body may refer a matter involving a delivery of defective goods to the Procurator General for possible criminal action against the manufacturer.35 Under the term "economic crime," Soviet criminal law includes the production of goods of poor quality.36 Article 152 of the Criminal Code of the RSFSR provides:

Issuing poor-quality, nonstandard, or incomplete products. Issuing from an industrial enterprise, repeatedly or on a large scale, products of poor quality or not conforming with standards or technical conditions, or incomplete products, by the director, chief engineer, or head of the department of technical control, or by persons occupying other offices who fulfill the duties of the persons listed, shall be punished by deprivation of freedom for a term not exceeding three years, or by correctional tasks for a term not exceeding one year, or by dismissal from office.37

On 8 August 1975, Pravda reported that in a case heard in Tashkent City Court, former officials and employees of the Shark furniture manufacturing firm were tried for producing poor-quality merchandise and for deceiving the state with padded reports. G. Radzhabov, the firm's former director, was sentenced to two years' deprivation of freedom; A. Arushanov, former chief bookkeeper, was given a one year probationary sentence; M. Chernova and T. Ashirov, both of whom had worked as head of the enterprise's quality control department, were sentenced to correctional labor.38

Turning out defective products is not in itself a criminal offense, but the systematic and large-scale release of such production, especially after official warnings have been given, does make out a violation of Section 152. In a recent

36Berman, op. cit., note 20, p. 195.
issue of *Soviet Life*, an account is given of the trial under Section 152 of the factory director and chief engineer of a plant producing a kind of yogurt-like soft drink. The Kursk Regional Court sentenced the defendants to two years imprisonment each.

Commenting on the trial, the Soviet journalist who authored the article wrote:

But cases like these do not usually reach the courts. There are other preventives: state inspection agencies and public organizations like the People’s Control Bodies. Public opinion itself is the greatest deterrent. But should officials bypass these deterrents and ignore warnings, the case goes to court.\(^{39}\)

The threat of imprisonment is thus a factor which the enterprise director contemplating release of sub-standard goods must take into account. Berliner, in his study made in the 1950s based on interviews with DPs, did not believe that Soviet managerial behavior was appreciably affected by the threat of a criminal sanction:

The attitude toward a prison sentence as communicated by the informants is that anyone occupying a responsible position in Soviet society inevitably has enough transgressions recorded in his police dossier to send him to prison for life. This information is brought to light only if ‘they’ decide to prosecute him as an example to others. The fall of the axe is looked upon as the act of an impersonal fate normally striking only those who run into unusual and extreme difficulties or run afoul of a powerful Party official or vindictive personal enemy.\(^{40}\)

**Conclusion**

The legal system of the USSR possesses the technical tools, substantive and procedural, which are required in order to construct and develop a body of products liability law. Statutory provisions imposing tort liability, founded on both fault as well as on the creation of an increased source of danger, are available for application by both ordinary civil courts as well as *Gosarbitrazh*. Administrative regulations and governmental decrees abound. Violation of their quality of production provisions could be used by a person who has been damaged by defective production as evidence of breach of a legal duty relevant to the issue of negligence in tort. There can be no question that theoretically, at least, the award of damages to the citizen consumer or state enterprise consignee would serve to deter manufacturers from releasing defective products.

But do the Russians want to go this route? In the opinion of this writer, apparently not. And the reason is not because they are unaware of the existence


of the notion of products liability. The E.E.C. has recently put together a draft directive on the approximation of the laws of member states relating to products liability; under the auspices of the Council of Europe, the Strasbourg Draft Convention on Products Liability, seeking to obtain unification of the substantive rules through international agreement in a somewhat larger geographical area, is completed and has already been distributed for discussion; the Hague Conference on Private International Law has produced a convention concerned with the law governing products liability in situations where the defendant did not transfer the product, or the right to use the product, to the plaintiff. And of course the Russians are familiar with our own products liability law, which is the most voluminous and highly developed in the world.

In order to understand the Soviet attitude, factors other than ignorance of the law must be explored. First and foremost, what impact would a widespread products liability system in the USSR have on the political control which the Communist Party exercises over the Soviet economy? From an economic point of view, what effect would the award of products liability damages have on the ability of the responsible state enterprise to perform its planned tasks? What would happen to the class structure of Soviet society if the consumer were encouraged to recoup from the seller or manufacturer the losses caused him by a defective product?

The uncertainties and risks associated with these possible developments argue against their acceptance by the Party. This does not mean, however, that the Party is willing to live with the enormous waste and inefficiency inherent in poor quality production. Indeed, one of the major themes sounded by keynote speakers at the XXV Party Congress was the urgent need to improve the quality of life, which includes, of course, the quality of production.41

This kind of sloganeering is, of course, a long story in the Soviet Union. Under no circumstances is the Party prepared to adopt any measure to improve the economy if it were to weaken the controls which the Party considers necessary in order to stay in power. Rather than permit the growth of too much independence at managerial levels, the Party hopes to improve the quality of production by exhorting compliance with state standards. This involves product certification and the award of the "Seal of Quality." Above all, one notices in the literature a plea for a restructuring of the administrative machinery. For example, the 18 May 1976 issue of Pravda contained this statement:

Product certification, commodity evaluation offices and even conferral of the State Seal of Quality do not always resolve the problem entirely. Most likely it could be dealt with by the quality control departments at enterprises and by the quality inspection

41Over half of the November 1975 issue of KOMMUNIST was devoted to the implementation of this theme. See, for example, Sapilov, Soveshchestvovat' Upravlenie Kachestvom Produutsii, No. 16, KOMMUNIST, pp. 43-52 (Nov. 1975).
services of various agencies. Alas, there are too many instances in which products with
the authoritative stamp of the quality control department are returned to the factory
by trade warehouses because of defects. To a significant extent, the reason for this lies
in the organizational principles that govern the activities of quality subdivisions. I
refer chiefly to the question of whose interests—the producer's or the consumer's—the
quality control department is protecting.  

The author of the above, noting the conflict of interest in the activities of a
quality control department within a factory, suggests that the solution lies in
an administrative shake-up:

Here we might consider organizational solutions to the problem. One might be to
create specialized interagency production control subdivisions. Existing interagency
organizations, especially the USSR State Standards Committee, could be used as such
a subdivision. In this case the quality control departments at enterprises should be
completely transferred to the jurisdiction of such an interagency organization.
Obviously one might find other compromise solutions in which a consumer repre-
sentative would be included on the staff of an enterprise's quality control department
with authority to make the final decision. Without the signature of this representative,
products could not be sent to a receiver.  

The possibility of improving the quality of production by adopting the dis-
cipline of a market system is obviously taboo, but one Soviet observer proposed
that if the profit plan is not fulfilled because of defective production, the plant
director and his first deputy, the chief engineer, should have 20-30 percent
deducted from their salaries, with deprivation of bonuses from all sources until
the losses have been recouped by additional work.  

To be sure, legal methods have also been proposed to combat poor quality
production. The pages of Sotsialistecheskaea Zakonnost' are filled with ideas
of how the Procuracy can increase its vigilance in supervising the observance
of statutes and regulations relating to the quality of production.  

On a somewhat different scale, great reliance is placed on a project which
would collect if not codify all of the laws pertaining to the economy, a kind of
Svod Zakonov which could be put on the shelf of every enterprise director.

---

4"Quality Control Department Without Compromise," taken from the May 18, 1976 issue of
5"Loc. Cit., ibid.
6"Personal Material Responsibility for Enterprise Executives," taken from the May 1974 issue of
Planovoye Khozyaistvo, translated in vol. 26 CURRENT DIGEST OF THE SOVIET PRESS No. 42,
November 13, 1974, pp. 7-8.
7See, e.g., Mal'kov, Deistvennost' Prokurorskogo Nadzora v Borbe Za Kachestvo Produtsii,
SOTSIALISTICHESKAIA ZAKONNOST' No. 6, pp. 17-20 (June 1976).
8It is anticipated that the collection will comprise about 70-80 volumes, a number which could
prove to be too cumbersome to be of such assistance. Still unresolved is the great debate over
the introduction of a code of economic law to govern relations between state enterprises. See Laptev,
The Economy of Economic Law, 14 SOVIET LAW & GOVERNMENT No. 2, pp. 41-58 (Fall 1975).
In sum, it is unlikely that Soviet law will develop a system of products liability law such as we have in the United States. The citizen consumer is lucky to have even a defective product, and the directors of state enterprises realize that they need each other's cooperation if they are to fulfill planned targets and qualify for high salaries and bonuses. The values of krugovaia poruka will probably continue to condition the behavior of Soviet managers for some time to come.