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ECONOMIC INTELLIGENCE REPORT

SOVIET NATIONAL ACCOUNTS
IN CURRENT RUBLES
FOR 1953



CIA/RR 90
28 February 1957

CENTRAL INTELLIGENCE AGENCY
OFFICE OF RESEARCH AND REPORTS

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(ORR Project 14.441)

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Office of Research and Reports

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FOREWORD

The national accounts in this report represent an attempt to present the gross national product (GNP) of the USSR in current rubles for 1953 in terms of the scheme recommended by the Organization for European Economic Cooperation (OEEC). [redacted]

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[redacted] the accounts are useful because (1) the accounts provide the basis for making the intercountry comparisons of national product [redacted]

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[redacted] (2) the accounts furnish a framework into which aggregative analyses of major sectors of the economy, such as defense and consumption, can be fitted; (3) the end-use and sector-of-origin breakdowns of GNP reveal useful information on economic policy intentions and changes; and (4) many of the components included in the process of constructing GNP accounts have intelligence application within themselves. Among such magnitudes are the wage bill, agricultural incomes, retail trade expenditures, and investment outlays.

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SOVIET NATIONAL ACCOUNTS IN CURRENT RUBLES
FOR 1953*

Summary

The gross national product (GNP) of the USSR in established prices in 1953 amounted to 1,089 billion rubles. Of this total, about 33 percent originated in agriculture, about 30 percent in industry, about 17 percent in service activities, and the remaining 20 percent in transport, communications, trade, and construction. The total thus generated was spent so as to devote over 63 percent to consumption and more than 20 percent to investment. Of the remaining 15 percent, all but a small fraction was used for defense purposes, the rest going to support other governmental activities.

By removing from the above magnitude that portion of the turnover tax which does not appear to be an implicit factor payment, a factor-cost GNP of 1,004 billion rubles for 1953 is obtained. Because of the incidence of the turnover tax, the percentage of GNP allocated to consumption is smaller in factor cost than in established prices.

I. Introduction.

There exists no single measure capable of defining the economic potential of a nation, because the magnitude desired is dependent upon the purpose for which the measure is intended -- for example, estimates of military potential, of consumer welfare, or of growth possibilities. The nearest approach to a general appraisal of the over-all productive ability of an economy is an estimate of the net value of total goods and services produced in a particular time period -- the gross national product (GNP).

* The estimates and conclusions contained in this report represent the best judgment of ORR as of 1 September 1956.

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The first, basic section of this report consists of the detailed GNP accounts themselves, constructed to include all net income and outlays generated in the Soviet economy in 1953. The procedure used to construct the accounts represents a modification of that employed by the Organization for European Economic Cooperation (OEEC) for constructing the accounts of its member states. It has the virtue of a double-entry accounting system and in addition offers the opportunity to check the validity of estimates at several points. With the major exception of wage incomes, data for the important components are available from official sources, so that the over-all margin of error can be considered to be small. The estimate of the margin of error is confirmed by the relatively slight statistical discrepancies appearing in the accounts.

In the second section of this report the GNP accounts have been reclassified into significant sector-of-origin and end-use categories. In this calculation, adjustments have been introduced to account for the effect of the turnover tax.

Appendixes A, B, and C in this report are intended to elucidate the [] methodology used to obtain specific estimates. Appendix A details the procedure for calculating governmental expenditures from residuals in the State Budget. Appendix B indicates the method used to isolate the industrial processing element from strictly agricultural activities in the determination of income in kind. Appendix C describes the method [] employed to calculate agricultural incomes by direct valuation of total output valued by prices received in the several distributive channels.

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Appendix D presents the conceptual framework within which the basic accounts are cast. It discusses at length the reasons for the adoption of the system of accounts first developed by the OEEC and compares the utility of this method with that of the method developed by the US Department of Commerce. The latter method was previously employed in CIA calculations in modified form. Appendix D also indicates how the OEEC system of accounts can be used as a bridge to accounts of a more disaggregated nature.

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II. Basic National Accounts.

A. Household Sector.

1. Production Account.

Under the system of accounts used by the Organization for European Economic Cooperation (OEEC), the production account in the household sector is designed to measure the income of domestics. These data are not available for the USSR.

2. Appropriation Account.

The appropriation account in the household sector of the basic national accounts of the USSR is shown in Account 1.*

a. Income from Other Sectors.

(1) Urban Wages and Salaries.

(a) State Enterprises and Organizations.

The general wage bill is composed of wages and salaries for the worker and employee labor force, income of cooperative artisans, military pay, military subsistence payments, and forced labor subsistence costs. 1/** The income of noncooperative artisans and private professionals and the income of collective farms from both the collectives and their own private plots are not included.

A close historical proportionality exists between the general wage bill (less military pay and subsistence and earnings of cooperative artisans) and social insurance contributions. In 1940, 1944, and 1948, social insurance payments amounted to about 6 percent of the general wage bill less the aforementioned components. 2/

* Account 1 follows on p. 5. The general form of sector accounts used in the report is shown in Appendix D.

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If this 6-percent proportionality is still assumed to exist in 1953,* the general wage bill less the indicated exceptions becomes 386.7 billion rubles, given the social insurance payments of 23.2 billion rubles (see B, 1, g, (1), (b), below). From this total is subtracted the 16.6-billion-ruble state farm and machine tractor station (MTS) wage bill (see (3), (a), below).

(b) Cooperative Artisans.

According to a statement by Mikoyan, there were 1,865,000 cooperative artisans in 1953. 4/ If the increase in the annual earnings of this group between 1940 and 1953 was the same as that for the worker and employee group -- 201 percent -- cooperative artisan earnings were 11.2 billion rubles.

(c) Military Pay.

In 1953, on the basis of known position pay scales applied to the estimated strength and composition of the armed forces, military pay is estimated to have amounted to 21.6 billion rubles. 5/

(d) Trade Union Salaries.

Total expenditures of trade unions in 1953 were 240.1 percent 6/ of the 1946 level of 1.874 billion rubles. 7/ Of this total, 17.3 percent, or 0.8 billion rubles, was expended for administrative and organizational purposes. 8/ This portion of the trade union budget will be assumed to be equivalent to total wage payments.

(2) Noncooperative Artisans, Private Professionals, and Others.

estimated that the incomes of noncooperative artisans and private professionals, cooperative profit shares, travel allowances, and bonus distributions from director's funds amounted to 18 billion rubles in 1953. 9/

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* Postwar references indicate little change in the range of rates of social insurance deductions paid by state enterprises. 3/

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Account 1

Appropriation Account in the Household Sector
 of the Basic National Accounts of the USSR
 1953

		Billion Rubles	
Outlay		Income	
Consumption and service expenditures		Income from other sectors	
State and cooperative purchases	396.5	Urban wages and salaries	
Collective farm market purchases	45.0	State enterprises and organizations	370.1
Purchased services	31.7	Cooperative artisans	11.2
Income in kind	104.2	Military pay	21.6
Trade union dues	3.8	Trade union salaries	0.8
Military subsistence	19.5	Subtotal	<u>403.7</u>
Forced labor subsistence	8.5	Noncooperative artisans, private professionals, and others	<u>18.0</u>
Subtotal	<u>609.2</u>	Agricultural cash incomes	
Rental payments		Sovkhoz and MTS wages	16.6
Housing	18.0	Money payments to collective farmers	18.6
Imputed rent	8.3	In-kind income discounts to collective farmers	2.5
Subtotal	<u>26.3</u>	Net income from sale of farm products	33.1
Total outlay for goods and services	<u>635.5</u>	Subtotal	<u>70.8</u>
Direct taxes	<u>46.1</u>	Incomes in kind	
Savings		Farm incomes in kind	104.2
Net bond purchases	11.8	Military subsistence	19.5
Increment in savings deposits	12.3	Forced labor subsistence	8.5
Private housing investment	0.6	Subtotal	<u>132.2</u>
Subtotal	<u>24.7</u>	Distributed profits	<u>2.3</u>
Transfer items	<u>70.8</u>	Imputed rental incomes	<u>8.3</u>
		Total income currently earned	<u>635.3</u>
		Transfer receipts from other sectors	
		Pensions and allowances	41.0
		Student stipends	5.8
		Interest receipts	7.2
		Subtotal	<u>54.0</u>
		Statistical discrepancy	17.0
Total outlays	<u><u>706.3</u></u>	Total incomes	<u><u>706.3</u></u>

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(3) Agricultural Cash Incomes.(a) State Farm (Sovkhoz) and Machine Tractor Station (MTS) Wages.

In 1953 there were about 1,844,000 employees of state farms. 10/ The average annual wage paid by state farms in 1941 was 2,795 rubles. 11/ Assuming that the annual wage in 1953 was 201 percent of the prewar level as in the case of workers and employees as a whole, the state farm wage bill was 10.3 billion rubles.

In 1953 the outlays per hectare of standard plowing for wages and administrative expenses amounted to 12.87 rubles. 12/ Multiplying this average by 486 million, the number of hectares of standard plowing accomplished in 1953 13/, gives a wage bill of 6.3 billion rubles. The combined state agricultural wage bill was thus 16.6 billion rubles in 1953.

(b) Money Payments to Collective Farmers.

Total money incomes of collective farms were 49.6 billion rubles in 1953. 14/ In the more efficient kolkhozes, up to 40 percent of incomes was paid out in the form of labor day payments, and in certain outstanding ones in favored regions 45-55 percent. 15/ A national average of 37.5 percent is assumed to have existed in 1953. Under this assumption, money incomes of collective farmers from labor days worked in collective tasks amounted to 18.6 billion rubles in 1953.

(c) In-Kind Income Discounts to Collective Farmers.

As part of its incentive policy in the contractual procurement of cotton, sugar beets, and flax and in the obligatory procurement of milk and sunflowers, the state provides in-kind payments of food products at lower than market prices. The total value of these discounts is estimated officially to amount to 10 to 12 percent of total procurement and contractual payments by the state. 16/ In 1953 the value of these food product discounts amounted to about 2.5 billion rubles (11 percent of total state procurements plus purchases of cotton, sugar beets, flax, and sunflowers, as calculated in Appendix C).

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(d) Net Income from Sale of Farm Products.

The 33.1-billion-ruble total of net income from the sale of farm products includes both money income of farm households realized from sales on the collective farm market, amounting to 30.5 billion rubles, and sales to government procurement agencies of 6.3 billion rubles less an allowance for money costs of production, or 3.7 billion rubles. The calculation is summarized as follows:

	Billion Rubles
Money incomes of collective farms from all sources	49.6
Portion realized from sale of farm products	45.2
State procurement	
Procurement from collective farms	25.7
Procurement from private household plots (the balance)	6.3
Total	<u>32.0</u>
Sales on the collective farm market	
Portion sold by collective farms	19.5
Sales by farm households (the balance)	30.5
Total	<u>50.0</u>

1. Money income of collective farms has already been discussed (see (b), above).

11. from 7.2 to 12.7 percent of total collective farm income in 1952 was derived from sources other than crop sales. ^{17/} On the basis of this range, an average proportion of 10 percent is assumed to have prevailed in 1952. The large increase in procurement prices in 1953 had the effect of reducing the noncrop portion of total income to 9 percent, or 4.4 billion rubles.

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iii. The income of collective farms and private households from state procurement was planned to be 9 billion rubles, or 45 percent over the 1952 level. 18/ This statement would imply total state procurement amounting to 29 billion rubles. Actual procurement in 1953 was 3 billion rubles above plan 19/ for a total procurement bill of 32 billion rubles.

iv. The division of procurement sales between collective farms and private households is based on the proportions, though not the absolute estimates, developed in a RAND research memorandum. 20/

v. The portion of collective farm sales made by collective farms emerges as a residual when sales to state procurement agencies are deducted from total noncrop incomes.

vi. Money costs of production of private households are estimated at 10 percent of total nonwage incomes, or 3.7 billion rubles. This proportion is based on prewar experience. 21/

(4) Incomes in Kind.

- (a) Farm incomes in kind (see c, (4), below).
- (b) Military subsistence (see c, (6), below).
- (c) Forced labor subsistence (see c, (7), below).

(5) Distributed Profits.

Profits of producer cooperatives were 3.9 billion rubles in 1950 22/ and 5.9 billion rubles in 1954. 23/ By interpolation, profits for 1953 amounted to 5.4 billion rubles. The schedule of the tax on cooperative profits ranges from 20 to 50 percent. 24/ Taking the midpoint of 35 percent gives a tax of 1.7 billion rubles. Deducting this amount and the 1.4 billion rubles of investment out of profits leaves 2.3 billion rubles for distribution of profits to members of cooperatives in 1953.

(6) Imputed Rental Incomes.

(See d, (2), below.)

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b. Transfer Receipts from Other Sectors.(1) Pensions and Allowances.

These include (a) social security, consisting of pensions for disabled veterans and other invalids and some retirement pensions; (b) aid to mothers of many children and unmarried mothers; and (c) social insurance, which comprises pensions, sick benefits, and outlays on convalescent and recreational facilities. Although all expenditures of the first two types constitute direct payments to the population, only the pension and sick benefit portion of social insurance expenditures may be considered a transfer payment. The portion devoted to outlays on convalescent and recreational facilities must be deducted; it has been added to health outlays (see B, 1, a, (2), (c), below).

Pensions and allowances were estimated by deducting from total social welfare expenditures of 43.4 billion rubles and 46.8 billion rubles 25/ outlays on convalescent and recreational facilities, which were planned at 2.4 billion rubles. 26/

(2) Student Stipends.

Stipends were planned at 5.8 billion rubles in 1953. 27/

(3) Interest Receipts.

Interest payments to households have been previously calculated at 5.2 billion rubles (see f, (1), below). In addition, there were interest payments of 2 billion rubles to organizations. This item represents the difference between total loan service and loan service payments to the population. It consists primarily of interest payments on state debt held by the savings banks but also includes expenditures on the administration of the state loan, which are handled by the savings banks. No interest is paid on the state department held by the state insurance system. 28/ Loan service in 1953 is estimated at 2 billion rubles. It is assumed to be slightly larger than in the last reported year, 1952. In 1952, total loan service was planned at 8.9 billion rubles 29/, and payments to the population were planned at 7 billion rubles 30/, with the difference for payments to organizations equaling 1.9 billion rubles. Since earnings of the savings banks are transferred to depositors in the form of interest payments, it will be

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assumed that the 2 billion rubles of interest receipts by organizations eventually become interest income to the population. Therefore, household interest receipts totaled 7.2 billion rubles in 1953.

c. Consumption and Service Expenditures.(1) State and Cooperative Purchases.

Retail trade, [] amounted to 430.7 billion rubles in 1953. 31/ From 7 to 8 percent of total retail trade turnover consisted of sales to institutional purchasers. 32/ On this basis, 92.5 percent of total retail trade -- 398.4 billion rubles -- consists of sales to individuals. Sales to individuals of 1.9 billion rubles are assumed to represent purchases for production expenditures on household plots. These outlays comprise 50 percent of such expenditures (see a, (3), (d), (vi), above). Total retail sales to individuals for personal consumption are thus 396.5 billion rubles in 1953.

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(2) Collective Farm Market Purchases.

Collective farm market sales comprised 10.4 percent of total retail turnover, including state and cooperative, in 1953. 33/ It amounted to 50 billion rubles $\left(\frac{430.7}{1.00 - 0.104} = 480.7 - 430.7 = 50.0 \right)$

It is assumed that the prewar proportion of collective farm market sales to institutional buyers -- 10 percent -- prevailed in 1953. This proportion rose during the early postwar years, when cooperatives were permitted to buy in the collective farm market. The proportion must have fallen back after 1949, when the government rescinded the conversions which permitted cooperative purchases. Collective farm market sales to individuals in 1953 are therefore estimated at 45 billion rubles.

(3) Purchased Services.

[] in 1954 less than 25 percent of the total money incomes of the population were spent for "communal, transport, cultural, and other services, and also for taxes, obligatory and voluntary savings." 34/

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The outlay for services is obtained by assuming that noncommodity expenditures of households comprised 22.5 percent of total outlays, or 128.2 billion rubles $\left(\frac{396.6 + 45.0}{1.00 - 0.225} = \frac{441.5}{0.775} = 569.7 - 441.5 = 128.2\right)$. From this total the following expenditures are subtracted: taxes, 46.1 billion rubles (see e, below); state bonds, 16.3 billion rubles (see f, (1), below); increment to savings deposits, 12.3 billion rubles (see f, (2), below); trade union dues, 3.8 billion rubles (see (5), below); and housing outlays, 18 billion rubles (see d, (1), below). The residual of 31.7 billion rubles represents the outlay for services.

(4) Income in Kind.

The calculation of total income in kind is explained in the appendix on agricultural income. The estimate for 1953 is 104.2 billion rubles.

(5) Trade Union Dues.

Various postwar travelers to the USSR have indicated that trade union dues are set at approximately 1 percent of gross wages. In 1953 this amount would be about 3.8 billion rubles.

(6) Military Subsistence.

A military subsistence estimate of 19.5 billion rubles is calculated from estimated military daily ration 35/ priced at 1953 retail prices 36/ less a trading markup 37/ multiplied by the estimated strength of the armed forces. 38/

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(7) Forced Labor Subsistence.

In 1948 the comprehensive wage bill, which included worker and employee incomes, the incomes of members of cooperatives, military pay subsistence, and forced labor pay and subsistence, amounted to "almost double that of 1940." 39/ The 1940 wage bill amounted to 161 billion rubles. On this basis the 1948 comprehensive wage bill is estimated at 315 billion rubles. From this total are deducted the worker and employee wage bill (see a, (1), (a), above); the earnings of cooperative artisans (see a, (1), (b), above); military pay (see a, (1), (c), above); and military subsistence (see (6), above), to obtain a forced

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labor subsistence estimate of 16.3 billion rubles. The estimate for 1953 is derived from the 1948 estimate through the use of two assumptions. The price index for forced labor subsistence changes according to the state store price indexes for food and clothing with respective weights of 4 and 1 -- that is, 1953 = 58 percent of 1948. 40/ This adjustment would give an estimate of 9.5 billion rubles for forced labor subsistence in 1953. If it is further assumed that the involuntary labor force was reduced by 10 percent, the cost of forced labor subsistence in 1953 becomes 8.5 billion rubles.

d. Rental Payments.(1) Housing.

4 percent of the worker's budget was spent for rent and communal services, presumably in 1953. 41/ Applying this proportion to total urban civilian cash incomes of 451 billion rubles (state enterprise and organization wages, cooperative wages, noncooperative artisan and private professional incomes, and transfer receipts) yields a housing expenditure of 18 billion rubles in 1953.

50X1

(2) Imputed Rent.

In 1953, state-owned urban housing space was approximately 211.2 million square meters. 42/ Valuing total space at the average annual rental outlay of 12 rubles per square meter 43/ yields a rental outlay estimate of 2.5 billion rubles. In 1953, privately owned urban dwelling space was estimated at 109.7 million square meters and privately owned rural housing at 832.6 million square meters. 44/ In order to make rural housing comparable to urban housing, in which rents are based on living space rather than total space, only 70 percent of total rural housing space is valued. Applying the explicit urban rental charge of 12 rubles per square meter yields an imputed rent estimate of 8.3 billion rubles in 1953.

e. Direct Taxes.

The fulfillment figure of 46.1 billion rubles for direct tax revenues was obtained from a budget speech by Finance Minister Zverev. 45/

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f. Savings.

(1) Net Bond Purchases.

Entries represent the difference between (a) gross bond purchases and (b) bonds retired during the year.

(a) Gross bond purchases consist of subscriptions to the annual spring mass loan drive and voluntary purchases at savings banks of bonds of the 3-Percent Internal Lottery Loan. In 1953, bond purchases during the mass loan drives amounted to 15.3 billion rubles. ^{46/} Purchases of the 3-Percent Internal Lottery Loan are estimated at 1 billion rubles on the basis of data published in the Soviet press. ^{47/} Total purchases are therefore estimated at 16.3 billion rubles.

(b) Bonds retired during the year were found by estimating the distribution of loan service payments to the public between interest and principal retirement. Principal was separated from interest, in annual loan service, by examining the various bond issues on which loan service was paid in 1953 and reconstructing the schedule of loan service payments. Loan service is paid through two types of lottery drawings -- prize drawings and nonprize drawings. One-third (35 percent, in the case of some issues) of the value of each bond issue is retired, over the 20-year life of the issue, by prize drawings, in which the lucky bondholders receive prizes larger than the face value of their bonds, which are then surrendered. The remaining two-thirds (in some cases, 65 percent) of each bond issue is retired, during the sixth to the twentieth years of the life of the issue, by nonprize drawings, in which bonds are purchased at face value; the chance element of this lottery exists in determining how long the bondholder must wait to get back his principal. The principal component of loan service thus consists of (i) the face value of bonds retired in prize drawings and (ii) the total value of nonprize drawings.

Interest payments are calculated by subtracting the principal retirement component of prize drawings from the total value of prize drawings. These payments appear as transfer payments to households in b, (3), above.

The following results were obtained through the reconstruction of loan service schedules:

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	<u>Billion Rubles</u>
	<u>1953</u>
Loan service payments to population	9.7 ^{48/}
Estimated retirement of principal	-4.5
Estimated Interest	<u>5.2</u>

Principal retirement was then subtracted from gross bond purchases to obtain net bond purchases:

	<u>Billion Rubles</u>
	<u>1953</u>
Gross bond purchases	16.3
Retirement of principal	- 4.5
Net bond purchases	<u>11.8</u>

(2) Increment in Savings Deposits.

Savings deposits of individuals rose by 12.3 billion rubles in 1953. ^{49/}

(3) Private Housing Investment.

Private housing investment outlays in 1953 are estimated at 1.2 billion rubles, of which 50 percent is assumed to be financed by Communal Bank Loans and the remainder by private savings. ^{50/}

3. Capital Account.

The capital account in the household sector of the basic national accounts of the USSR is shown in Account 2.*

a. Savings.

This entry is the same as the savings component in the household appropriation account (see 2, f, above).

* Account 2 follows on p. 15.

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Account 2

Capital Account in the Household Sector
of the Basic National Accounts of the USSR
1953

		Billion Rubles	
Outlay		Income	
Additions to fixed capital	1.2	Savings	24.7
Capital transfers to government		Borrowing from government	0.6
Net purchase of government securities	11.8		
Increment in savings deposits	12.3		
Total	<u>25.3</u>		<u>25.3</u>

b. Borrowing from Government.

Households borrowings from the Communal Bank for private housing have been estimated at 0.6 billion rubles in 1953 (see 2, f, (3), above).

c. Additions to Fixed Capital.

As indicated (see 2, f, (3), above), private housing outlays are estimated at 1.2 billion rubles in 1953.

d. Capital Transfers to Government.(1) Net Purchase of Government Securities.

(See 2, f, (1), above.)

(2) Increment in Savings Deposits.

Savings bank deposits increased by 12.3 billion rubles in 1953. 51/

B. Economic Enterprise Sector.1. Production Account.

The production account in the economic enterprise sector of the basic national accounts of the USSR is shown in Account 3.*

* Account 3 follows on p. 17.

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a. Sales to Other Accounts.(1) Households.

Sales to households amounted to 488.7 billion rubles in 1953. They represent the sum of state and cooperative purchases, collective farm market purchases, and purchased services (see A, 2, c, (1), (2), and (3), above) and the nonrental portion of housing outlays, 15.5 billion rubles.

(2) Government on Current Account.(a) Military Subsistence.

(See A, 2, c, (6), above.)

(b) Military Procurement and Operations.

From total realized defense expenditures of 105 billion rubles (20.4 percent 52/ of total expenditures of 514.8 billion rubles 53/) deduct 19.5 billion rubles of military subsistence (see A, 2, c, (6), above), and 21.6 billion rubles of military pay (see C, 1, b, below) to obtain 63.9 billion rubles for military procurement and operations.

(c) Health and Education.

Sales to health and education activities on current account are obtained by deducting the wage bill and investment expenditures for these purposes from total outlays. Total education outlays are equal to the budget appropriation of 61.1 billion rubles 54/ less 5.8 billion rubles for student stipends (see A, 2, b, (2), above), or 55.3 billion rubles.

Total health outlays of 26.6 billion rubles consist of the budget appropriations for health of 24.2 billion rubles 55/ and health expenditures carried as outlays on convalescent and recreational facilities in the pensions and allowances appropriation of the budget, or 2.4 billion rubles. 56/

From total health and education expenditures of 81.9 billion rubles are deducted 52 billion rubles for wages and salaries (see C, 1, b, below) and 6 billion rubles for capital investment (see (5), (a), below), leaving 23.9 billion rubles for sales to health and education activities on current account.

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Account 3

Production Account in the Economic Enterprise Sector
 of the Basic National Accounts of the USSR
 1953

<u>Outlay</u>		<u>Income</u>	
Purchases from other sectors		Sales to other accounts	
State reserves	8.8	Households	488.7
Foreign account	3.6	Government on current account	
Subtotal	<u>12.4</u>	Military subsistence	19.5
Indirect taxes		Military procurement and operations	63.9
Turnover taxes	243.6	Health and education	23.9
Miscellaneous taxes	53.2	Internal security	7.0
Subtotal	<u>296.8</u>	Administration	3.3
Capital consumption allowances	<u>36.3</u>	Other activities	31.0
National income		Trade unions	3.7
Compensation of employees and members		Subtotal	<u>152.3</u>
Direct incomes	403.4	Household capital account	<u>1.2</u>
Social insurance	23.2	Economic enterprise capital account	<u>179.6</u>
Subtotal	<u>426.6</u>	Government capital account	
Profits		Fixed investment	7.4
State enterprises	89.8	State reserve accretions	9.2
Enterprises and economic organizations	24.1	Gold purchases	3.7
Subtotal	<u>113.9</u>	Subtotal	<u>20.3</u>
Collective farm investment in kind	<u>7.3</u>	Collective farm investment in kind	<u>7.3</u>
		Inventory changes	<u>12.8</u>
		Subsidy receipts	
		Machine tractor stations	6.7
		State farms	8.4
		Subtotal	<u>15.1</u>
		Statistical discrepancy	14.9
Total	<u>893.0</u>	Total	<u>893.0</u>

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(d) Internal Security.

The basic internal security estimate for 1953 is based on 1952, the last year for which information is available on expenditures for "maintenance of the State apparatus" which includes internal security and conventional administration. In 1952 these expenditures of the union and republic budgets in 1952 were planned at 31.4 billion rubles 57/. Conventional administrative expenditures in 1952 were estimated at 60 percent 58/ of total conventional administrative expenditures (plan) of 14.4 billion rubles, 59/ or 8.6 billion rubles, leaving a difference of 22.8 billion rubles for internal security. A decrease of 21 billion rubles for 1953 has been estimated to allow for a probable reduction in administrative expenses in that year as a result of the merger of MVD and MGB and the transfer to industrial ministries of some economic activities of the MVD. One-third of the internal security expenditure, 7 billion rubles, is assumed to represent purchases on current account.

(e) Administration.

In 1955, wages comprised 66 percent of total administrative outlays 60/ of 13.9 billion rubles (see C, 1, b, below). If the same relationship is assumed to have prevailed in 1953, nonwage outlays are estimated at 4.7 billion rubles. Capital investments amounted to 1.4 billion rubles in 1953 (see (5), (a), below). Therefore, administrative purchases on current account were 3.3 billion rubles in 1953.

(f) Other Activities.

This entry of 31 billion rubles represents sales to government on current account to support such miscellaneous activities as subsidies, research and development, and the conduct of elections. Of this total, 23.9 billion rubles cover economic activities not otherwise demarcated under the budgetary heading Financing the National Economy. The remaining 7 billion rubles consist of budgetary expenditures which emerge as a residual after all other outlays have been explicitly classified. (For the derivation of both these categories, see Appendix A.)

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(g) Trade Unions.

Of total trade union expenditures of 4.5 billion rubles in 1953 (see A, 2, a, (1), (d), above), all but 0.8 billion rubles were used for purchases of materials and supplies.

(3) Household Capital Account.

(See A, 3, c, above.)

(4) Economic Enterprise Capital Account.

This entry represents the gross capital investment of economic enterprises. It amounts to 179.6 billion rubles and is composed of the following:

(a) Fixed investment in the national economy, 130 billion rubles. The planned volume of state investments in 1953 in prices of 1 July 1950 was 156.1 billion rubles. 61/ The construction-assembly share was fulfilled by 85 percent 62/ and comprised 63 percent of total state investments in 1953. 63/ Therefore, total outlays amounted to 141.3 billion rubles. The machinery and equipment portions of investment are assumed to have been fulfilled by 100 percent on the basis of statements regarding fulfillment of production plans by machine-producing ministries.

In terms of 1953 prices, total fixed investment amounts to 130 billion rubles. The goal for savings in the cost of state capital investment from reductions in wholesale prices of 1 January 1952 and from reduced cost of construction assembly work were set at 15.6 billion rubles, or 10 percent of total cost. 64/ The plan for construction cost reduction was not met, and costs remained at the 1952 level. 65/ Thus total investment cost reductions amounted to 11.3 billion rubles.

(b) Extralimit and decentralized investment of 5.5 billion rubles. This category includes cooperative investment, above-plan investments of state enterprises, and investments financed from funds borrowed from the long-term banks with the exceptions of collective farm investments. During the Fifth Five Year Plan period (1951-55), such outlays amounted to 31.6 billion rubles in prices of 1 July 1955. 66/

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If this sum is distributed among the 5 years according to the official volume index of state investment, outlays for 1953 amount to 5 billion rubles. In 1953 terms they would be 5.5 billion rubles.

(c) Collective farm monetary investments of 12.9 billion rubles. 67/

(d) Capital repairs of 33.6 billion rubles (see f, below).

(e) Expenditures for design research and geological prospecting work of 5 billion rubles. Expenditures of investment planning organizations are not included in the fixed investment allocation. In 1951, the last year for which such expenditures were reported, planned outlays amounted to 3.7 billion rubles. 68/ This figure has been moved by an index of planned investment to obtain an estimate of 4.4 billion rubles for 1953. In addition, it is estimated that outlays of geological prospecting organizations amounted to 0.6 billion rubles.

From this total economy-wide investment outlay of 187 billion rubles are deducted 7.4 billion rubles of investment expenditures on government capital account (see (5), (a), below).

(5) Government Capital Account.

Total sales were 20.5 billion rubles in 1953.

(a) Fixed Investment.

Total investments in housing and social-cultural (health and education) activities amounted to 120 billion rubles (1955 prices) for 1951-55. 69/ In terms of 1950 prices, they totaled about 138 billion rubles. Housing investments were 105 billion rubles. 70/ Thus social-cultural investments were 33 billion rubles during the Plan period. Of this 5-year total, it is estimated that 6 billion rubles were spent during 1953.

Investment in government administrative structures and equipment was 1.4 billion rubles in 1953. 71/

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(b) State Reserve Accretions.

Budgetary outlays for accretions to state reserves are estimated at 9.2 billion rubles in 1953.

(c) Gold Purchases.

Purchases of gold for monetary use are estimated at 3.7 billion rubles in 1953.

(6) Collective Farm Investment in Kind.

(See g, (3), below.)

b. Inventory Changes.

Inventory changes totaling 12.8 billion rubles are financed from three sources, as follows:

(1) Planned budgetary allotments of 4.3 billion rubles for expansion of working capital. 72/

(2) Accretions to working capital of 3.5 billion rubles out of retained income. Planned retained income of 24.3 billion rubles was to be used for actual fixed investment of 14 billion rubles 130 billion rubles of fixed investment in the national economy (see a, 4, (a), above) less 100 billion rubles of budget-financed fixed investment (see Appendix A) and 16 billion rubles financed from amortization allowances (see f, below) 7, for planned capital repairs of 3.2 billion rubles, and for a planned accretion to working capital of 10.8 billion rubles. 73/ Actual retained income was only 19.5 billion rubles. 74/ Deducting the actual fixed investment figure and assuming a 2.5-billion-ruble fulfillment for capital repairs, a shortfall of 7.3 billion rubles in working capital accretions out of retained income emerges.

(3) Five billion rubles of working capital financed by short-term loans of the State Bank. The 1953 entry represents the increase in short-term credit of the State Bank of 5 billion rubles from 203 billion rubles on 1 January 1953 75/ to 208 billion rubles on 1 January 1954. 76/

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c. Subsidy Receipts.

(1) Machine Tractor Stations.

The 6.7-billion-ruble subsidy to the MTS's in 1953 is the difference between the operating expenditures of 15.5 billion rubles 77/ and receipts of 8.8 billion rubles (see Appendix C).

(2) State Farms.

The 8.4-billion-ruble subsidy to state farms finances the deficit between the wage bill of 10.3 billion rubles (see A, 2, a, (3), (a), above) plus other current outlays of 1.1 billion rubles and the crop income of 3 billion rubles (see Appendix C).

d. Purchases from Other Sectors.

(1) State Reserves.

Revenues from sales of state reserves are estimated at 8.8 billion rubles in 1953.

(2) Foreign Account.

This entry is a balancing item to offset the 3.6 billion rubles estimate of gold sales on foreign account (see C, 3, b, (3), below). It represents the import balance on trade account.

e. Indirect Taxes.

(1) Turnover Taxes.

Turnover tax revenues were reported as 243.6 billion rubles in 1953. 78/

(2) Miscellaneous Taxes.

These revenues include customs duties, reparations, timber revenues, license and fee receipts, local taxes, and other minor revenues. They are obtained by deducting identified revenues from total real revenues.

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Identifiable revenues consist of profits taxes on state enterprises (see g, (2), (a), below); tax on the incomes of enterprises and economic organizations (see g, (2), (b), below); turnover tax (see (1), above); social insurance funds (see g, (1), (b), below); MTS revenues (see appendix C); State Reserve revenues (see d, (1), above); direct taxes (see g, (1), (a), below); and purchases of the state loan (see A, 2, f, (1), above). In 1953 these revenues amount to 442.8 billion rubles.

Total real revenues are derived by deducting estimated fulfillment of the fictitious budget entry for Retail Price Deductions 79/ from the reported total revenue fulfillment of 539.7 billion rubles. 80/ This entry represents reductions in turnover tax collections resulting from retail price reductions. These are in effect "turnover taxes foregone," and it is assumed that fulfillment of this item varied from plan in the same degree as did turnover taxes actually collected. The latter were 101.3 percent of plan in 1953. Application of this percentage to the plan figure of 43.2 billion rubles for Retail Price Reductions yields an estimated fulfillment of 43.7 billion rubles. Real revenue fulfillment is thus estimated at 496 billion rubles.

The difference between total real revenues (496 billion rubles) and identified revenues (442.8 billion rubles) is consequently 53.2 billion rubles.

f. Capital Consumption Allowances.

Amortization allowances of state enterprises are used to finance new fixed investment and to finance capital repairs. On the basis of data on the size and distribution of amortization allowances of industrial ministries, 81/ it is estimated that in the postwar period 40 percent of amortization funds have been used for new investment and 60 percent for capital repairs. By combining this estimate with the estimate that 25 percent of capital repairs is financed from the budget (see 3, c, (1), below), it is possible to calculate both the amount of amortization allowances and the amount of capital repairs financed from retained income of state enterprises.

In 1954 it was announced that the allocation of amortization funds for new investment was planned at 18.1 billion rubles. 82/ Under the assumptions outlined above, allocation of amortization funds to capital repairs would amount to 27.2 billion rubles and total amortization funds to 45.3 billion rubles. Total capital repairs in 1954 are

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estimated at 40.9 billion rubles. 83/ Of this total, 10.2 billion rubles have been estimated to come from the budget, and 27.2 billion rubles from amortization funds. The remainder of 3.5 billion rubles is assumed to come from retained income of state enterprises. The percentage distribution of sources of financing for capital repairs is then as follows: amortization funds, 66.4; budget, 25; and retained income of state enterprises, 8.6.

To obtain 1953 estimates of total amortization funds and their distribution, these percentages were applied to the 1953 capital repair figure of 33.6 billion rubles. 84/ Amortization allowances devoted to capital repairs are thus estimated at 22.3 billion rubles, allowances used for new investment at 16 billion rubles, and total amortization allowances at 37.2 billion rubles. Budget financing of capital repairs is estimated at 8.4 billion rubles and financing from retained income at 2.0 billion rubles.

g. National Income.(1) Compensation of Employees and Members.(a) Direct Incomes.

From total currently earned incomes of 635.3 billion rubles deduct military subsistence of 19.5 billion rubles, income in kind of 104.2 billion rubles, imputed rent of 8.3 billion rubles, distributed profits of 2.3 billion rubles, and compensation of government employees of 97.6 billion rubles (see C, 1, b, below), to obtain the economic enterprise wage bill of 403.4 billion rubles in 1953.

(b) Social Insurance.

Social insurance funds paid into the budget amounted to 23.2 billion rubles in 1953. 85/

(2) Profits.(a) State Enterprises.

Profits of state enterprises amounted to 89.8 billion rubles in 1953. 86/

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(b) Enterprises and Economic Organizations.

Profits of collective farms and cooperatives are the sum of profit distributions of cooperatives, 2.3 billion rubles (see A, 2, a, (5), above); retained incomes of collective farms, 9.2 billion rubles ^{87/}; taxes on the profits of these organizations, 11.2 billion rubles (see 2, d, (2), below); and investments by cooperatives out of retained income, 1.4 billion rubles. ^{88/} These total to 24.1 billion rubles.

(3) Collective Farm Investment in Kind.

In 1953, collective farm investment in kind amounted to 7.3 billion rubles. ^{89/} These represent labor furnished by collective farmers, self-produced construction materials, animal draft power used in construction, and natural increases in collective farm livestock herds.

2. Appropriation Account.

The appropriation account in the economic enterprise sector of the basic national accounts of the USSR is shown in Account 4.*

a. National Income by Sector.

(1) Compensation of Employees.

(See c, below.)

(2) Collective Farm Surplus.

(See 1, g, (3), above.)

(3) Profits.

(See 1, g, (2), above.)

* Account 4 follows on p. 27.

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b. Income from Other Sectors.

Rental Receipts.

These receipts of 2.5 billion rubles represent rental payments for urban housing by households (see A, 2, d, (2), above).

c. Wage and Salary Payments.

(1) Direct Incomes.

(See 1, g, (1), (a), above.)

(2) Social Insurance.

(See 1, g, (1), (b), above.)

d. Direct Taxes.

(1) State Enterprises.

State enterprises paid 70.3 billion rubles of their profits into the state budget in 1953. 90/

(2) Cooperatives and Collective Farms.

This revenue category includes a tax on the money income and income in kind of collective farms, a tax on the income of cooperative organizations, a levy on noncommodity activities, and sundry payments by enterprises into the budget. Revenues in 1953 are estimated at 16 percent of payments into the budget from profits of state enterprises, the same proportion that they represented in 1951 and 1952. 91/

e. Profit Distributions to Owners.

This entry represents the income of members of cooperatives from the distribution of profits of those organizations (see A, 2, a, (5), above).

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Account 4

Appropriation Account in the Economic Enterprise Sector
 of the Basic National Accounts of the USSR
 1953

Billion Rubles

Outlay		Income	
Wage and salary payments		National income by sector	
Direct incomes	403.4	Compensation of employees	
Social insurance	23.2	Direct incomes	403.4
Subtotal	<u>426.6</u>	Social insurance	23.2
Direct taxes		Subtotal	<u>426.6</u>
State enterprises	70.3	Collective farm surplus	<u>7.3</u>
Cooperatives and collective farms	11.2	Profits	
Subtotal	<u>81.5</u>	State enterprises	89.8
Profit distributions to owners	<u>3.3</u>	Collective farm and cooperatives	24.1
Retained earnings		Subtotal	<u>113.9</u>
State enterprises	19.5	Income from other sectors	
Collective farms and cooperatives	10.6	Rental receipts	<u>2.5</u>
Collective farm invest- ment in kind	7.3	Statistical discrepancy	1.5
Subtotal	<u>37.4</u>	Total	<u>548.8</u>
Total	<u>548.8</u>		

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f. Retained Earnings.

(1) State Enterprises.

(See B, 1, g, (2), (a), above.)

(2) Collective Farms and Cooperatives.

Retained earnings of 10.6 billion rubles in 1953 include 9.2 billion rubles of collective farm retained income (see 1, g, (2), (b), above) and investments of 1.4 billion rubles by cooperatives out of retained earnings (see 1, g, (2), (b), above).

(3) Collective Farm Investment in Kind.

(See 1, g, (3), above.)

3. Capital Account.

The capital account in the economic enterprise sector of the basic national accounts of the USSR is shown in Account 5.*

a. Retained Earnings.

(See 2, f, above.)

b. Capital Consumption Allowances.

(See 1, f, above.)

c. Capital Transfers from Government.

(1) Fixed Capital.

Government capital transfers to enterprises of 114.6 billion rubles in 1953 are obtained by deducting from total monetary investments of enterprises -- 179.6 billion rubles (see 1, a, (4), above) -- investments financed by amortization deductions of 37.2 billion rubles (see B, 1, f, above); by state enterprises retained earnings of 13.5 billion rubles (see B, 1, b, above); by collective farm retained earnings of 9.2 billion rubles (see B, 2, f, (2), above); long-term credit of 3.7 billion rubles (see d, (2), below); and by cooperatives from retained earnings of 1.4 billion rubles (see B, 1, a, (4), above).

* Account 5 follows on p. 29.

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Account 5

Capital Account in the Economic Enterprise Sector
of the Basic National Accounts of the USSR
1953

		Billion Rubles	
Outlay		Income	
Gross enterprise investment		Retained earnings	
Capital repairs	33.6	State enterprises	19.5
New capital investment	153.3	Collective farms and cooperatives	10.6
Additions to inventories	12.8	Earnings in kind	7.3
		Subtotal	<u>37.4</u>
		Capital consumption allowances	<u>37.2</u>
		Capital transfers from government	
		Fixed capital	114.6
		Working capital	4.3
		Subtotal	<u>118.9</u>
		Borrowing from government	
		Short-term credit	5.0
		Long-term credit	3.7
Statistical discrepancy	2.5	Subtotal	<u>8.7</u>
Total	<u>199.7</u>	Total	<u>199.7</u>

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(2) Working Capital.

(See 1, b, above.)

d. Borrowing from Government.

(1) Short-Term Credit.

(See 1, b, above.)

(2) Long-Term Credit.

Long-term credits of 3.7 billion rubles represent loans by the four long-term credit banks. Agricultural Bank loans to collectives amounted to 2.6 billion rubles in 1953. ^{92/} Industrial Bank loans are estimated at 0.1 billion rubles, on the basis of a 1954 statement that total loans granted by the bank during 1941-53 amounted to "more than 1 billion rubles." ^{93/} To these annual figures are added 1 billion rubles to allow for minor types of loans by the Agricultural and Communal Banks and loans by the Trade Bank on which no information is available.

e. Gross Enterprise Investment.

(1) Capital Repairs.

(See 1, f, above.)

(2) New Capital Investment.

New capital investment by economic enterprises totaling 153.3 billion rubles in 1953 is composed of 146 billion rubles of monetary outlays (see 1, a, (4), above) and 7.3 billion rubles of investments in kind (see 1, a, (6), above).

(3) Additions to Inventories.

(See 1, b, above.)

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C. Government Sector.

1. Production Account.

The production account in the government sector of the basic national accounts of the USSR is shown in Account 6.*

a. Value of Government Services.

To meet the quality constraint imposed upon the set of accounts it is necessary to create a fictitious transaction selling government services to the government appropriation account. These services are valued at the cost of their inputs -- that is, compensation of government employees and purchases from enterprises.

b. Compensation of Employees.

The government wage bill of 97.6 billion rubles in 1953 is derived as follows:

(1) Military pay of 21.6 billion rubles (see A, 2, a, (1), (c), above).

(2) Pay for employees in health and education of 52 billion rubles. In 1941 the average annual wage in health was 3,120 rubles and in education, 4,330 rubles. ^{94/} If these wage levels in 1953 are assumed to have increased by the 201 percent for workers and employees in general, they are 6,270 and 8,700 rubles, respectively. Employment in 1953 in health activities is estimated at 2,395,000 and in education at 4,250,000. ^{95/} Multiplying 1953 wage rates by employment yields a wage bill of 52 billion rubles.

(3) Administrative wage bill of 9.2 billion rubles. Sixty-six percent of total administrative outlays of 13.9 billion rubles ^{96/} is assumed to be wage costs, the relationship that prevailed in 1955. ^{97/}

(4) An internal security wage bill of 14 billion rubles (see B, 1, a, (2), (d), above).

* Account 6 follows on p. 33.

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(5) Trade union salaries of 0.8 billion rubles (see A, 2, a, (1), (d), above).

c. Purchases from Enterprises.

This entry represents government purchases from enterprises on current account to carry out operational activities (see B, 1, a, (2), above).

2. Appropriation Account.

The appropriation account in the government sector of the basic national accounts of the USSR is shown in Account 7.*

a. Income from Other Sectors.

(1) Indirect Taxes.

(See B, 1, e, above.)

(2) Direct Taxes.

(See A, 2, e, above.)

(3) Profits Taxes.

(See B, 2, d, above.)

(4) Social Insurance.

(See B, 1, g, (1), (b), above.)

(5) Trade Union Receipts.

Trade union receipts will be assumed to be equal to expenditures of 4.5 billion rubles in 1953 (see A, 2, a, (1), (d), above).

b. Purchase of Government Services.

(See 1, a, above.)

* Account 7 follows on p. 33.

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Account 6

Production Account in the Government Sector
of the Basic National Accounts of the USSR
1953

Billion Rubles			
Outlay		Income	
Compensation of employees	97.6	Value of government services	249.9
Purchases from enterprises	152.3		
Total	<u>249.9</u>	Total	<u>249.9</u>

Account 7

Appropriation Account in the Government Sector
of the Basic National Accounts of the USSR
1953

Billion Rubles			
Outlay		Income	
Purchase of government services	249.9	Income from other sectors	
Transfers to households	54.0	Indirect taxes	
Subsidy payments	15.1	Turnover tax	243.6
Savings	133.1	Miscellaneous taxes	53.2
		Direct taxes	46.1
		Profits taxes	
		State enterprises	70.3
		Other	11.2
		Social insurance	23.2
		Trade union receipts	4.5
Total	<u>452.1</u>	Total	<u>452.1</u>

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c. Transfers to Households.

(See A, 2, b, above.)

d. Subsidy Payments.

(See B, 1, c, above.)

e. Savings.

This entry represents the residual between total incomes of the government from other sectors and purchases of services and commodities, transfers to households, and subsidy payments to enterprises.

3. Capital Account.

The capital account in the government sector of the basic national accounts of the USSR is shown in Account 8.*

a. Savings.

(See 2, e, above.)

b. Capital Transfers.

(1) Bond Sales to Households.

(See A, 2, f, (1), above.)

(2) Increment in Savings Deposits.

(See A, 2, f, (2), above.)

(3) Gold Sales on Foreign Account.

Gold sales abroad are estimated at 3.6 billion rubles in 1953.

(4) State Reserve Sales.

(See B, 1, d, (1), above.)

* Account 8 follows on p. 35.

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Account 8

Capital Account in the Government Sector
of the Basic National Accounts of the USSR
1953

Billion Rubles

Outlay		Income	
Transfers to other sectors		Savings	<u>133.1</u>
		Capital transfers	
Fixed investment	114.6	Bond sales to households	11.8
Working capital	4.3	Increment in savings	
Gold purchases	3.7	deposits	12.3
State reserve accretions	9.2	Gold sales on foreign	
Subtotal	<u>131.8</u>	account	3.6
		State reserve sales	9.0
Lending		Subtotal	<u>36.7</u>
Enterprises	8.9		
Households	0.6		
Subtotal	<u>9.5</u>		
Government investment			
Purchases from enterprise			
production account	7.4		
Additions to cash balance	19.9		
Statistical discrepancy	1.2		
Total	<u>169.8</u>	Total	<u>169.8</u>

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c. Transfers to Other Sectors.

(1) Fixed Investment.

(See B, 3, c, (1), above.)

(2) Working Capital.

(See B, 3, c, (2), above.)

(3) Gold Purchases.

(See B, 1, a, (5), (c), above.)

(4) State Reserve Accretions.

(See B, 1, a, (5), (b), above.)

d. Lending.

(1) Enterprises.

(See B, 1, a, (4), above, for long-term loans and B, 1, b, above, for short-term loans.)

(2) Households.

(See A, 2, f, (3), above.)

e. Government Investment.

Purchases from Enterprise Production Account.

(See B, 1, a, (5), (a), above.)

f. Additions to Cash Balance.

Soviet doctrine concerning the budget surplus states that "great monetary reserves are formed as a result of the systematic excess of revenues of the state budget over its expenditures" 98/ and that the surplus "represents a supplementary source of expanding credit investments in the national economy and serves as an important factor in the long-run strengthening of the Soviet currency." 99/ These

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statements imply that the surplus, accruing in the State Bank as a result of the excess of revenues over expenditures, is used in part to finance short-term credit and in part to "strengthen the currency" by effecting a deflationary reduction in the means of payment -- that is, cash balances of the population and bank balances of economic organizations. The former part of the surplus has been assumed equal to the estimated increase in State Bank credit. The latter part, equal to total surplus (24.9 billion rubles 100/) less the portion devoted to short-term credit, is entered in this account.

D. Foreign Sector.1. Production Account.

The production account, the appropriation account, and the capital account in the foreign sector of the basic national accounts of the USSR are shown in Account 9.*

a. Import of Goods and Services.

(See B, 1, d, (2), above.)

b. Balance on Production Account.

This is the balancing item for a, above.

2. Appropriation Account.a. Surplus on Current Account.

This is the balancing item for b, below.

b. Balance on Production Account.

(See B, 1, d, (2), above.)

3. Capital Account.a. Transfers from Rest of World to Government Sector.

This is the balancing item for b, below. (See C, 3, b, (3), above.)

* Account 9 follows on p. 38.

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Account 9

Production Account, Appropriation Account, and Capital Account
in the Foreign Sector of the Basic National Accounts of the USSR
1953

Billion Rubles

<u>Outlay</u>		<u>Income</u>	
<u>Production Account</u>			
Export of goods and services	0	Import of goods and services	3.6
		Balance on production	
Total	<u>0</u>	account	-3.6
		Total	<u>0</u>
<u>Appropriation Account</u>			
Balance on production		Surplus on current account	-3.6
account	-3.6	Total	<u>-3.6</u>
Net factor payments to			
nation	0		
Total	<u>-3.6</u>		
<u>Capital Account</u>			
Surplus on current account	-3.6	Transfers to rest of world	
Transfers from rest of		by government	0
world to government sector	3.6	Total	<u>0</u>
Total	<u>0</u>		

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b. Surplus on Current Account.

(See 2, a, above.)

E. Consolidated Sectors.

The production account in the consolidated sector accounts of the basic national accounts of the USSR is shown in Account 10.*

1. Production Account.

a. Depreciation.

(See B, 1, f, above.)

b. Indirect Taxes -- Subsidies.

(1) Indirect Taxes.

(See B, 1, e, (1), above.)

(2) Miscellaneous Taxes.

(See B, 1, e, (2), above.)

(3) Subsidies.

(See B, 1, c, above.)

c. Value Added.

(1) Households.

From total income of 635.3 billion rubles earned in 1953 (see A, 2, a, above) deduct 2.3 billion rubles of distributed profits (see A, 2, a, (5), above).

(2) Social Insurance.

(See B, 1, g, (1), (b), above.)

* Account 10 follows on p. 41.

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(3) Enterprises.

(See B, 1, g, (2), above.)

d. Sales to Household Consumption.

(See A, 2, c and d, above.)

e. General Government Purchases of Goods and Services.

From total government purchases of goods and services of 249.9 billion rubles in 1953 (see C, 2, b, above) deduct 4.5 billion rubles of trade union outlays already included under sales to consumption as trade union dues.

f. Gross Domestic Investment.

(1) Households.

(See A, 3, c, above.)

(2) Enterprises.

(See B, 3, e, above.)

(3) Government.

Government investment in 1953 is the sum of 4.9 billion rubles of fixed investment (see C, 3, e, above) and a net investment of 0.6 billion rubles in state reserves and gold purchases.

g. Foreign Balance on Production Account.

(See D, 2, b, above.)

2. Appropriation Account.

The appropriation account in the consolidated sector accounts of the basic national accounts of the USSR is shown in Account 11.*

* Account 11 follows on p. 42.

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Account 10

Production Account in the Consolidated Sector Accounts
of the Basic National Accounts of the USSR
1953

Billion Rubles

Outlay		Income	
Depreciation	36.3	Sales to household consumption	635.5
Indirect taxes -- subsidies		General government purchases of goods and services	<u>245.4</u>
Indirect taxes	243.6	Gross domestic investment	
Miscellaneous taxes	53.2	Households	1.2
Subsidies	-15.1	Enterprises	199.7
Subtotal	<u>281.7</u>	Government	7.4
Value added		Subtotal	<u>208.3</u>
Households	633.0	Foreign balance on production account	<u>-3.6</u>
Social insurance	23.2	Statistical discrepancy	2.5
Enterprises	113.9	Gross national product	<u>1,088.1</u>
Subtotal	<u>770.1</u>		
Gross national product	<u>1,088.1</u>		

The item listed as savings is a balancing item representing the difference between net national income and net national expenditures.

3. Capital Account.

The capital account in the consolidated sector accounts of the basic national accounts of the USSR is shown in Account 12.*

* Account 12 follows on p. 42.

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Account 11

Appropriation Account in the Consolidated Sector Accounts
of the Basic National Accounts of the USSR
1953

		Billion Rubles	
Outlay		Income	
Household consumption	635.5	National income	
Government purchases of goods and services	245.4	Households	656.2
Savings	170.9	Enterprises	113.9
		Subtotal	<u>770.1</u>
		Indirect taxes and subsidies	
		Indirect taxes	243.6
		Miscellaneous taxes	53.2
		Subsidies	-15.1
		Subtotal	<u>281.7</u>
Net national product	<u>1,051.8</u>	Net national product	<u>1,051.8</u>

Account 12

Capital Account in the Consolidated Sector Accounts
of the Basic National Accounts of the USSR
1953

		Billion Rubles	
Outlay		Income	
Gross domestic investment	208.3	Depreciation	36.3
		Savings	172.0
Total	<u>208.3</u>	Total	<u>208.3</u>

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The item listed as savings is a balancing item representing the difference between gross domestic investment and depreciation allowances.

III. Gross National Product by End Use and Sector of Origin.

A. Gross National Product by End Use.

1. Derivation in Established Prices.

The Soviet GNP for 1953 has been distributed among four end-use categories according to a classification of entries from the sector accounts and from the budget appendix shown in Table 1.* The entries are taken from the consolidated production account, with sales to household consumption being classified as consumption and gross domestic investment as investment. General government purchase of goods and services, however, must be distributed among all four end uses. In order to do so, it is necessary to utilize budget and sector table entries.

The Soviet GNP for 1953 as distributed by end use in current prices is shown in Table 2.**

2. Derivation in Adjusted Rubles.

As has been noted at length in a previous report, 101/ a large portion of the turnover tax should be regarded as a payment for uncompensated factor services in agriculture. In order to determine the effect of this adjustment on the end use distribution of GNP, it is first necessary to estimate the incidence of tax on each component and then to determine what portion of the tax represents payment for land rent (see Table 3***).

It is assumed that turnover tax is applicable to the following expenditure categories:

a. Household retail purchases from state and cooperative outlets (see II, A, 2, c, (1), above).

* Table 1 follows on p. 44.

** Table 2 follows on p. 46.

*** Table 3 follows on p. 47.

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Table 1

Classification of Soviet Gross National Product
by End Use
1953

		Billion Rubles
<u>End Use</u>		
Consumption		<u>713.7</u>
Household sales <u>a/</u>	635.5	
Health and education outlays <u>b/</u>	75.9	
Other budget outlays <u>c/</u>	2.3	
Administration		<u>28.8</u>
Government administration <u>d/</u>	12.5	
Internal security <u>e/</u>	14.0	
Other budget outlays <u>f/</u>	2.3	
Defense		<u>129.9</u>
Budgetary defense expenditures	105.0	
Other national economy outlays of budget <u>g/</u>	17.9	
Internal security <u>e/</u>	7.0	
Investment		<u>214.3</u>
Gross domestic investment <u>a/</u>	208.3	
Other national economy outlays of budget <u>g/</u>	6.0	
Unallocated		<u>2.3</u>
Other budget outlays <u>h/</u>	2.3	

a. See consolidated sector accounts (II, E, above).

b. Health and education expenditures less capital investment outlays (see II, B, 1, a, (2), (c), above).

c. These outlays largely represent allocations to the Soviet Red Cross. They are estimated to be a third of "other government outlays."

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Table 1

Classification of Soviet Gross National Product by End Use
1953
(Continued)

-
- d. There are explicit budgetary allocations to government administration less investment outlays (see II, B, 1, a, (2), (e), above).
- e. One-third of the internal security forces are assumed to represent militarized border troops. Therefore, a similar proportion of the internal security appropriation is also considered as a defense expenditure.
- f. These outlays represent costs of conducting elections and are estimated to amount to a third of "other government outlays."
- g. Three-quarters of the residual expenditures in the budget category Financing the National Economy (see B, 1, a, (2), (f), above) are assumed to represent research and developmental outlays for nuclear energy. The remaining quarter comprises investment in nuclear energy production facilities, subsidies to industry, and research and development expenditures in fields other than nuclear energy.
- h. It is not possible to allocate specifically the remaining third of "other government outlays."
- b. The material inputs for health and education expenditures (see II, B, 1, a, (2), (c), above).
- c. Forced labor subsistence (see II, A, 2, c, (7), above).
- d. Petroleum products used in agriculture. 102/
- e. Purchases from the enterprise sector for internal security (see II, B, 1, a, (2), (d), above).
- f. Military subsistence payments (see II, A, 2, (c), (6), above).
- g. Petroleum products purchased by the armed forces.

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Table 2

Soviet Gross National Product, by End Use,
in Current Prices
1953

<u>End Use</u>	<u>Billion Rubles</u>	<u>Percent of GNP</u>
Consumption	713.7	65.7
Administration	28.8	2.7
Defense	129.9	11.9
Investment	214.3	19.7
Total allocated GNP	<u>1,086.7</u>	<u>100.0</u>
Unallocated	2.3	
Total domestic GNP	<u>1,089.0</u>	
Foreign balance	-3.6	
Total GNP	<u>1,085.4</u>	
Statistical discrepancy <u>a/</u>	0.9	
Reconciliation	<u><u>1,086.3</u></u>	

a. See II, E, 1, p. 39, above.

h. One-third of state reserve accretions (see II, B, 1, a, (5), (b), above). These are assumed to represent reserves of consumer goods.

i. One-half of increments to working capital (see II, B, 1, b, above). These represent consumer goods in inventories or as goods in process.

To compute the general rate of taxation, total turnover tax collections for 1953 -- 243.6 billion rubles -- must first be divided by the total turnover upon which the tax is assessed -- 492.8 billion

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Table 3

Adjustment of End Use Magnitudes
for Soviet Turnover Tax
1953

	<u>Billion Rubles</u>		
<u>Sector</u>	<u>Taxable Amount</u>	<u>Tax Liability</u>	<u>Tax Deducted as Nonfactor Payment</u>
Consumption			
Household retail purchases	396.5	195.9	70.5
Communal services	23.9	11.8	4.2
Forced labor subsistence	8.5	4.2	1.5
Petroleum used in agriculture	5.5	2.7	1.0
Total	<u>434.4</u>	<u>214.6</u>	<u>77.2</u>
Administration			
Internal security	<u>7.0</u>	<u>3.5</u>	<u>1.3</u>
Defense			
Military subsistence	19.5	9.6	3.5
Purchase of petroleum products	4.1	2.0	0.7
Total	<u>23.6</u>	<u>11.6</u>	<u>4.2</u>
Investment			
Stockpiles	3.0	1.5	0.5
Inventories	6.4	3.2	1.2
Total	<u>9.4</u>	<u>4.7</u>	<u>1.7</u>

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rubles. It is necessary to deduct income in kind and collective farm market sales from taxed turnover for the purpose of making this computation, as no explicit tax is levied on these consumption components. The result of the above computation is a rate of 49.4 percent.

50X1

The turnover tax adjustment reduces the share of consumption in GNP to 63.4 percent and raises that of defense to 12.5 percent and of investment to 21.4 percent, whereas that of administration remains constant (see Table 4*).

B. Gross National Product by Sector of Origin, 1953.

In order to determine the division of GNP by sector of origin (see Table 5**), it is necessary to calculate the value-added contribution of each sector. In the procedure adopted, value added has been derived for all sectors but industry, which emerges as the residual when the value-added contributions of the six other sectors are deducted from GNP at factor cost. In this calculation the GNP control total is the factor cost (1,004.6 billion rubles) rather than the market price total (1,089.2 billion rubles). Since value added is the sum of factor costs (labor, depreciation charges, profits, and rent) at each stage of production, the GNP control total should contain these production elements but exclude indirect taxes which are not identifiable factors of production.

1. Agriculture.

Value added in agriculture amounts to 328.9 billion rubles and is distributed as shown in the following tabulation:

* Table 4 follows on p. 50.

** Table 5 follows on p. 51.

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	<u>Billion Rubles</u>
State farm and MTS wages	16.6
Money payments to collective farmers	18.6
In-kind income discounts	2.5
Net income from sale of farm products	33.1
Income in kind	104.2
Imputed rent	7.0
Collective farm savings	16.5
Rent payment component of turnover tax	155.9
Subtotal	<u>354.4</u>
Trade expenses	4.0
Less	
Home processing	21.5
Total	<u><u>328.9</u></u>

The deduction for trade expenses represents the value added in collective farm market trade. It is the same proportion, 8 percent, that costs comprise of state trade turnover. The deduction for home processing represents the estimated proportion of income in kind which is industrial rather than agricultural in nature. (For derivation, see Appendix C.)

2. Construction.

Total capital investment in 1953 was 205 billion rubles (see II, C, 3, d; II, B, 3, e; and II, A, 3, c, above). Sixty-three percent of these outlays -- 129.2 billion rubles -- consists of construction costs. 104/ Forty-four percent of construction outlays is accounted for by labor, amortization, and overhead charges. 105/ Value added in construction becomes 56.8 billion rubles.

3. Transportation.

In 1951, value added in transportation amounted to 64.2 billion rubles. To obtain a 1953 estimate, the 1951 figure is increased by 18 percent to account for expanded traffic and by 5 percent to adjust for the increase in money wages. 106/ Value added in 1953 is therefore 79 billion rubles.

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Table 4

Soviet Gross National Product, by End Use,
Adjusted for Turnover Tax a/
1953

<u>End Use</u>	<u>Billion Rubles</u>	<u>Percent of GNP</u>
Consumption	636.5	63.5
Administration	27.5	2.7
Defense	125.7	12.6
Investment	212.6	21.2
Total GNP at factor cost	<u>1,002.3</u>	<u>100.0</u>

a. These estimates of GNP differ from other estimates [] because of a differing estimate of the amount included in factor cost for factors of production in the USSR which are not actually compensated -- chiefly agricultural land rent and other agricultural capital charges. The estimate for these uncompensated factors [] was calculated on the assumption that the farmers' share of the consumers' expenditure (gross value of farm output as a percent of the retail value of agricultural products) is the same in the USSR as the average for US farmers during the postwar period.

50X1
50X1

50X1

The estimate in this report also uses a US analogy but makes allowance for the heavy emphasis of the USSR on grain production and the much less extensive processing of agricultural products in the USSR. The result is a much larger allowance for uncompensated factors, a larger GNP in rubles of factor cost, and a larger percentage of consumption in GNP.

4. Communications.

Total revenues of Soviet communications activity amounted to 5.7 billion rubles in 1953. 108/ Of this total, 1.1 billion rubles were used for capital investment. 109/ It is assumed that remaining revenues of 4.8 billion rubles were used to compensate employees and to amortize capital equipment.

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Table 5

Gross National Product of the USSR
by Sector of Origin
1953

<u>Sector</u>	<u>Billion Rubles</u>	<u>Percent of GNP</u>
Industry	299.9	29.9
Construction	56.8	5.7
Agriculture	328.9	32.8
Transportation	79.0	7.9
Communications	4.8	0.5
Trade	57.8	5.7
Services	175.1	17.5
Total GNP at factor cost	<u>1,002.3</u>	<u>100.0</u>

5. Trade.

In 1953, costs comprised 8 percent of retail trade turnover. 110/ Applying this percentage to total turnover of 480.7 billion rubles (see I, B, 4, a and b, above) yields a retail trade value added of 38.5 billion rubles. It will be assumed that value added in Soviet wholesale trade amounts to half of that generated in retail activities. Given this assumption, value added in trade becomes 57.8 billion rubles.

6. Services.

Value added in services amounts to 179.2 billion rubles and is composed of the following entries:

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	<u>Billion Rubles</u>
Education and health wage bill	52.0
Military pay and subsistence	41.1
Government administration wage bill	9.2
Internal security wage bill	14.0
Trade union wage bill	0.8
Housing outlays	26.3
Personal services	31.7
 Total	 <u>175.1</u>

7. Industry.

The value added for industry of 299.9 billion rubles in 1953 is derived as a residual by deducting from GNP at factor cost the value-added sum for the other 6 sectors.

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APPENDIX A

SOVIET NATIONAL ACCOUNTS, 1953: GOVERNMENT EXPENDITURES

1. Derivation of a Residual in Financing the National Economy.

Total budgetary outlays for Financing the National Economy amounted to 180.4 billion rubles in 1953. 111/ The following entries are deducted to obtain residual outlays of 24.8 billion rubles:

a. Fixed investment of 100 billion rubles. It is assumed that the fixed investment expenditures goal was fulfilled to the same extent, 93.7 percent, as that for total national economy outlays. 112/

b. Capital repairs of 8.4 billion rubles. By analogy with prewar data 113/, 25 percent of total capital repairs (see II, B, 1, f, above) are financed by the state budget.

c. Working capital expansion of 4.3 billion rubles. Planned budgetary outlays amounted to this amount (see II, B, 1, b, (1), above).

d. Gold purchases of 3.7 billion rubles (see II, B, 1, a, (5), (c), above).

e. MTS operating expenditures of 15.5 billion rubles. This represents the difference between total allocations to the MTS and allocations for investment purposes. 114/

f. State reserves purchases of 9.2 billion rubles (see II, B, 1, a, (5), (b), above).

g. Agricultural research and developmental outlays of 8.4 billion rubles. These expenditures include funds for experimental stations, general projects in afforestation and irrigation, and some operating expenditures of state farms. They are determined by deducting from total allocations to agriculture estimates for fixed investment, expansion of working capital, and MTS operating expenditures. 115/

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h. Miscellaneous administrative expenditures of 6.1 billion rubles. These consist of expenditures which finance investment planning organizations and a number of minor organizations, including the Chief Directorate of Hydrometeorology, the Ministry of Automobile Transport and Highways, and the Chief Directorate of Geodasy and Cartography.

(1) In 1951, expenditures of 3.7 billion rubles were authorized for investment planning organizations. 116/ This figure was moved by an index of planned investment to obtain an estimate of 4.4 billion rubles for 1953.

(2) The estimate of 1.7 billion rubles for expenditures on the indicated minor activities is based on 1941 data, 117/ with an allowance for the increase in wages and prices since 1941 and the trend of expenditures in the residual portion of the budget category Financing the National Economy in which these expenditures are located. 118/

2. Derivation of a Residual in the Unspecified Portion of the State Budget.

Total Soviet state budget expenditures amounted to 514.8 billion rubles in 1953. 119/ In addition, there was a budget surplus of 24.8 billion rubles. The following items are deducted to obtain residual outlays of 6.6 billion rubles:

a. Fictitious expenditures of 43.7 billion rubles, assumed to be equal to fictitious revenues of a like amount. 120/

b. Expenditures for Financing the National Economy of 180.4 billion rubles. 121/

c. Communal services outlays of 87.7 billion rubles. These include education outlays of 61.1 billion rubles and health expenditures of 26.6 billion rubles (see II, A, 1, a, (2), (c), above) and student stipends of 5.8 billion rubles (see II, A, 2, b, (2), below).

d. Administrative outlays of 34.9 billion rubles. These include general administrative expenditures of 13.9 billion rubles and internal security allocations of 21 billion rubles (see II, A, 1, a, (2), (d), above).

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e. Defense expenditures of 105 billion rubles (see II, A, 1, a, (2), (b), above).

f. Allocation of 8.7 billion rubles for expansion of bank capital. This includes 5 billion rubles for expansion of short-term loans by the State Bank (see II, B, 1, (b), (3), above) and 3.7 billion rubles for additional long-term loans by the 4 specialized banks (see II, A, 2, b, (1), above).

g. Pensions and allowances of 41 billion rubles (see II, A, 2, b, (1), above).

h. Interest payments of 7.2 billion rubles. These include 5.2 billion rubles of interest payments to individuals (see II, A, 2, b, (3), above) and 2 billion rubles to organizations (see II, A, 2, b, (3), above).

i. Increase in government cash balances of 19.9 billion rubles (see II, C, 3, f, above).

j. Debt retirement of 4.5 billion rubles (see II, A, 2, f, (1), above).

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APPENDIX B

SOVIET NATIONAL ACCOUNTS, 1953:
DERIVATION OF PORTION OF INCOME IN KIND
COMPRISED IN INDUSTRIAL ACTIVITY

In 1953 the total amount spent for purchases of fresh meat was 83.8 billion rubles, valued at retail prices. 122/ According to Table 6,* 45 percent of total sales of fresh meat in volume terms, or 37.7 billion rubles, was transacted in state and cooperative retail outlets. According to Table 8,** the cost to the state for obligatory requisitions and above-quota purchases of meat was 7 billion rubles. The average turnover tax on fresh meat sold at retail in 1953 was 23 percent, 123/ or 8.6 billion rubles. If the usual trading margin of 8 percent, 124/ or 3 billion rubles, is assumed to apply, the cost of processing meat becomes 19 billion rubles ($37.7 - 7.0 - 8.7 - 3.0 = 19.0$). In volume terms, 73.3 percent as much meat was consumed by producers as income in kind as was disposed through state channels (see Table 8). Applying this proportion to the total cost of processing meat sold at retail yields an imputed industrial processing cost of 13.9 billion rubles for meat consumed in kind.

In 1953 the total amount spent for milk, butter, and cheese amounted to 57 billion rubles, 125/ valued at retail prices. Sixty percent, or 34.2 billion rubles, of all milk and dairy product sales in volume terms was transacted in state and cooperative retail outlets. The cost to state agencies for obtaining milk and dairy products through obligatory deliveries or above-quota purchases amounted to 3.7 billion rubles (see Table 8). The average turnover tax on milk and dairy products was 50 percent, 126/ or 17.2 billion rubles. Applying the average trading margin of 8 percent yields distribution costs of 2.7 billion rubles. The cost of processing milk and dairy products is therefore 10.6 billion rubles ($34.2 - 3.7 - 17.2 - 2.7 = 10.6$). In volume terms, 71.7 percent as much milk and dairy products was consumed by producers as income in kind as was sold through retail channels (see Table 6). Applying this proportion to the total cost of processing milk and dairy products sold at retail yields an imputed industrial processing cost for income in kind of consumption of 7.6 billion rubles.

Imputed industrial processing cost for meat and dairy products consumed as income in kind is therefore 21.5 billion rubles.

* P. 60, below.

** P. 62, below.

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APPENDIX C

SOVIET NATIONAL ACCOUNTS, 1953: AGRICULTURAL INCOME

1. Estimation of Agricultural Income by Marketing Channel.

As a check upon the agricultural income data which are derived in aggregative terms from official pronouncements and as a means of estimating MFS incomes, which are not otherwise available, an alternative procedure has been employed to estimate agricultural income. Essentially the method involves the valuation of farm output by crop within each marketing channel. The calculation proceeds by three stages, as follows: (a) Total output for each major crop is distributed by marketing channel in percentage terms (see Table 6*); (b) per unit prices for each crop by marketing channel are estimated (see Table 7**); and (c) the physical distribution of crop by marketing channel is then valued (see Table 8***).

Total receipts from obligatory deliveries and sales to the state by collective farms and farmers are computed at 33.7 billion rubles instead of the 32 billion rubles given in official announcements. This difference can be easily explained by margins of error in the distribution of crops by marketing channel and the prices at which they are transferred. The income of the MFS's from payments in kind is estimated at 8.8 billion rubles. Collective farm market incomes from the sale of food products are computed to be 49.8 billion rubles compared with the official figure of 50.5 billion rubles for receipts from sales of all products. Income in kind is estimated at 104.3 billion rubles.

2. Notes on Table 8.

Prices of crops and livestock products consumed by producers are valued as the weighted averages of the prices of such commodities marketed through state purchases and collective farm market sales, except for grains, in which only the state purchase prices are used.****

* Table 6 follows on p. 60.
** Table 7 follows on p. 61.
*** Table 8 follows on p. 62.
**** Continued on p. 66.

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Table 6
Distribution of Agricultural Crops in the USSR
by Marketing Channel
1953

Crop	Marketed Share <u>a/</u> (Percent of Total)	Percent of Marketed Share <u>b/</u>					Consumption by Producer <u>a/</u> (Percent of Total)	Nonhuman <u>c/</u> Use (Percent of Total)
		Obligatory Deliveries	State Purchases	Sovkhoz Deliveries	MIS Receipts	Collective Farm Market <u>a/</u>		
Bread grains	33	25	8	13	53	1	41	26
Meat products	67	30	15		16	39	33	0
Dairy products	48	45	15		17	23	43	9
Potatoes	19	40	16		4	40	34	47
Vegetables	38	30	15	0	0	55	62	0
Eggs	43	46	3	0	0	51	46	11
Poultry	60	58	6	0	0	36	40	0
Sugar beets	100	0	55	0	45	0	0	0
Wool	83	50	9	41	0	0	17	0
Cotton	100	0	76	0	24	0	0	0
Flax	65		93	0	7	0	35	0
Sunflower seeds	70		75	0	25	0	26	4

a. CIA estimates.

b. 127/c. 128/

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Table 7
Agricultural Prices in the USSR
1953

Crop	Unit	Rubles per Unit			
		Obligatory Deliveries	State Purchases	Sovkhoz Deliveries	Collective Farm Market <u>a/</u>
Wheat <u>b/</u>	centners	10	120	47	300
Rye <u>b/</u>	centners	8	100	N.A.	300
Cattle, sheep <u>c/ d/ e/</u>	kilograms	0.27	3.15	N.A.	13
		1.5	4.10	N.A.	13
Hogs <u>c/ d/ e/</u>	kilograms	0.58	5.38	N.A.	18
		3.2	7.0	N.A.	19
Milk <u>d/</u>	kilograms	0.33	0.64	N.A.	2.9
		0.55	1.35	N.A.	2.4
Potatoes <u>d/ e/</u>	kilograms	0.15	0.27	<u>f/</u>	1.6
Vegetables <u>e/ g/</u>	metric tons	N.A.	250	<u>f/</u>	2,000
Eggs <u>e/ g/</u>	tens	N.A.	2.5	<u>f/</u>	12
Poultry <u>d/</u>	metric tons	910	6,540	<u>f/</u>	20,000
Sugar beets <u>b/</u>	metric tons	<u>f/</u>	93 <u>h/</u>	N.A.	<u>f/</u>
Wool <u>d/ e/</u>	centners	1,330	N.A.	N.A.	<u>f/</u>
Cotton <u>b/</u>	metric tons	<u>f/</u>	3,400 <u>h/</u>	N.A.	<u>f/</u>
Flax <u>g/</u>	centners	N.A.	1,400	<u>f/</u>	<u>f/</u>
Sunflower seeds <u>b/</u>	metric tons	N.A.	275	<u>f/</u>	N.A.

a. 129/

b. Obligatory delivery, state purchase, and sovkhaz delivery prices are CIA estimates.

c. Seventy percent of 1953 marketings at higher prices.

d. Obligatory delivery and state purchase prices e. Obligatory and state purchase prices

f. Not applicable.

g. 132/

h. Contract price.

50X1
50X1

Table 8
Agricultural Incomes in the USSR
1953

Collective Farms and Household Plots

Commodity	Output (Thousand Metric Tons) a/*	Marketed Output (Thousand Metric Tons)	Obligatory Deliveries (Thousand Metric Tons)	Value of Obligatory Deliveries (Million Rubles)
Grains	82,900	37,000	9,250	860.3
Beef	3,270	2,190	756	1,081.0
Pork	2,631	1,763	609	1,473.7
Mutton, lamb	1,690	1,132	391	559.1
Milk	22,400	10,752	4,838	2,128.7
Potatoes	66,400	12,616	5,046	756.9
Vegetables	16,000	6,080	b/	b/
Poultry	420	252	146	133.9
Eggs (millions)	14,000	6,020	b/	b/
Sugar beets	22,300	22,300	e/	e/
Cotton	3,900	3,900	e/	e/
Wool	230	191	152	2,022.0
Flax	2,059	1,338	b/	b/
Sunflower seeds	5,929	4,150	3,859	1,141.3
Total				10,156.9

* Footnotes for Table 8 follow on p. 65.

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Table 8

Agricultural Incomes in the USSR
1953
(Continued)

Collective Farms and Household Plots (Continued)

Commodity	State Purchases (Thousand Metric Tons)	Value of State Purchases (Million Rubles)	Payments to MTS's (Thousand Metric Tons)	Value of Payments to MTS's (Million Rubles)
Grains	2,960	3,353.7	19,610	1,823.7
Beef	329	1,223.9	350	500.5
Pork	264	1,718.6	282	682.4
Mutton, lamb	170	649.4	181	455.4
Milk	1,613	1,613.0	1,828	804.3
Potatoes	2,018	544.9	505	75.0
Vegetables	1,824	623.9	0	0
Poultry	15	98.1	0	0
Eggs (millions)	2,769	745.0	0	0
Sugar beets	12,265	1,140.6	10,035	933.3
Cotton	2,964	10,076.0	936	3,182.4
Wool	c/	c/	0	0
Flax	1,244	1,741.6	94	131.6
Sunflower seeds	c/	c/	291	80.0
Total		<u>23,528.7</u>		<u>8,807.1</u>

Table 8
 Agricultural Incomes in the USSR
 1953
 (Continued)

Collective Farms and Household Plots (Continued)

Commodity	Collective Farm Market Sales (Thousand Metric Tons)	Value of Collective Farm Market Sales (Million Rubles)	Consumption by Producer (Thousand Metric Tons)	Value of Consumption by Producer (Million Rubles)	Nonhuman Use (Thousand Metric Tons)
Grains	370	1,110.0	12,200	1,415.8	33,800
Beef	755	9,815.0	1,080	12,960.0	0
Pork	608	10,944.0	868	14,756.0	0
Mutton, lamb	300	3,900.0	642	7,704.0	0
Milk	2,473	5,937.6	9,632	20,034.6	2,016
Potatoes	5,046	8,073.6	22,576	27,542.7	31,208
Vegetables	2,371	4,742.0	9,920	9,920.0	0
Poultry	91	1,820.0	168	2,184.0	0
Eggs (millions)	3,160	3,476.0	6,440	5,796.0	1,540
Sugar beets	0	0	0	0	0
Cotton	0	0	0	0	0
Wool	0	0	39	519.0	0
Flax	0	0	721	1,009.4	0
Sunflower seeds	N.A.	N.A.	1,541	423.8	237
Total		<u>49,818.2</u>		<u>104,265.3</u>	

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Table 8
Agricultural Incomes in the USSR
1953
(Continued)

<u>Commodity</u>	<u>Value of Deliveries d/ (Million Rubles)</u>
State Farms	
Grain	625.3
Meat	265.0
Milk	564.0
Potatoes	150.0
Wool	800.0
Other	549.7
Total	<u>2,954.0</u>

- a. 133/
- b. All sales to state in form of obligatory deliveries and state purchases valued at state purchase prices.
- c. All sales to state in form of obligatory deliveries and state purchases valued at obligatory delivery prices.
- d. 134/
- e. All sales of cotton and sugar beets are made at contractual prices.

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The basis for this approach is that the decision whether or not to consume the farm's own product is governed by the money income which may be obtained from voluntary sales after obligatory delivery quotas and MTS payment have been satisfied.

Prices of crops and animal products transferred to the MTS's are the same as state obligatory delivery prices. This valuation is in accord with official Soviet procedure.

The lack of information on obligatory delivery prices for eggs, vegetables, and flax made it necessary to estimate all state monetary acquisitions of these crops at the higher state purchase prices. Similarly it was necessary to value wool acquisitions at the lower obligatory delivery prices. State farm incomes are based on estimates of proportions of total proportions of state procurement obtained from state farms.

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APPENDIX D

CONCEPTUAL FRAMEWORK OF THE SOVIET NATIONAL ACCOUNTS

Earlier studies in the area of Soviet national income had as their main objective the estimation of a single number, gross national product. This was a measure of the goods and services made available to the USSR for consumption or investment (including replacement of capital consumed in the production process). To arrive at such a measure remains a principal object of the work conducted in this field.

With the expansion of knowledge of the Soviet economy and a growing body of data for the USSR, however, new objectives have been added. More stress is now laid on the analysis of the national income into its components and on the measurement of transactions between different parts of the economy. To provide a conceptual frame of reference, within which this further analysis of the Soviet economy could be carried, a new set of national economic accounts was adopted.

The goal was to obtain a system of accounts which would not only permit a measurement of size but also, within the scope allowed by the data, facilitate the study of the structure of the Soviet economy and focus on basic economic activities. The accounting system employed in this report is a modification of the structure of accounts proposed by the Organization for European Economic Cooperation (OEEC) 135/ and the UN 136/ and closely approaches those used by the UK. 137/

The statistics which are presented in this report are related to a system of accounts which is based upon a twofold classification of economic transactions (monetary and nonmonetary -- that is, by transactors and by economic activity). It must be recognized that the transactions which take place within an economy, and between economies, may be classified in many different ways -- by transactors, commodities involved, financial arrangements, economic activity, and the like. Although all of these possible classification systems would be of use for the purposes of economic analysis, the relative paucity of data for the Soviet economy forces only the most rudimentary classification.

The extremely large number of individual transactors within an economy tend to fall into distinguishable classes. It is useful to group together these classes into distinct sectors, such as households, economic enterprises, and general government, and to establish a

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separate set of accounts for each of these sectors. This broad grouping of sectors could be extended by increasing the number of classes within each group which are regarded as distinct. For example, the enterprise sector could be subdivided by industry, households by principal source of income, and government by type of authority.

The definition of the three basic sectors is as follows:

1. Economic enterprises include all organizations and institutions, regardless of ownership, which produce goods and services for sale at a price intended approximately to cover the cost of production. Included in this class would be:

(a) Individuals established on their own account and independent professional men (domestics excluded).

(b) All households and other institutions in their capacity of landlords whether or not they occupy their own properties.

(c) Enterprises organized on a cooperative basis.

2. Households comprise all individuals who are normal residents. Also included within this class are those private nonprofit institutions such as associations and clubs which are maintained principally through fees and dues from members, and domestics.

3. General government comprises government agencies, whether central, state, or local, which undertake such activities as administration, education, defense, and health services. These are organized for, but not normally sold to, the community. It is convenient to include here those social security arrangements which may be regarded as an instrument of the social policy of the government.

Three major forms of economic activity may be distinguished: production, consumption, and capital accumulation. Corresponding to each of these activities an account may be set up for each sector: a production account, a consumption or appropriation account, and a capital (reconciliation) account. To maintain duality, or the "double entry" aspect, it is necessary to establish a fourth, or external, account. The external account of each sector would have entered the external transaction (transactions with other sectors) of the sector.

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In this way, every entry within the set of accounts for a given sector would be matched with a corresponding entry (of opposite sign) in that set of accounts.

The content of these accounts is as follows:

1. The production account of a sector presents the revenues and expenses connected with its productive activity. On the credit side are included sales, production for its own use, increases in inventory, and production subsidies. On the debit side are the expenses of production including materials purchased from outside the sector, the value of materials produced for own use, indirect taxes, and the provisions for the consumption of fixed capital. The remaining item on the debit side of the account is the factor income generated within the sector. This includes the compensation of employees, interest, rent, and operating profit.

2. The appropriation account has on its credit side factor income transferred from the production account and other income received by the sector. On the debit side this account presents the appropriations to current outlays which may be income payments, current transfers (including direct taxes), consumption, and savings.

3. The capital account includes on the credit side savings, transferred from the appropriation account; depreciation, transferred from the production account; capital transfers; and borrowings from other sectors of the economy and from foreign economies. The debit side of this account includes the capital formation of the sector, capital transfers, and lending to other sectors and economies.

4. The external account contains as credits all of the debit items of the other accounts of the sector which are not also credit items of those accounts. Similarly, it contains as debits all of the credit items of the other accounts which are not also debit items of one of those accounts of the sector.

The purpose of grouping the transactions which take place within an economy by sector and account is to achieve a meaningful picture of the structure of that economy. It is possible to introduce further distinctions among the transactions within the existing structure of sectors and accounts. For example, it is desirable for

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analytical purposes to distinguish between transactions involving goods and services and those representing the purchase of financial claims and transfers.

The general form of accounts for a sector appears below.

Production Account

<u>Debits</u>	<u>Credits</u>
Purchase of materials from outside the sector	Sales to other accounts
Cost of production of materials for own use	Production for own use
Indirect taxes	Inventory change
Depreciation allowances	Production subsidies
Factor income of sector consisting of	
Compensation of employees	
Interest	
Net rent	
Operating profits	

Consumption (or Appropriation) Account

<u>Debits</u>	<u>Credits</u>
Distribution of income	Factor income of sector
Income payments, including compensation of employees, profit and interest payments, direct taxes and current transfers out of sector	Other income received by sector
Consumption expenditures	Current transfers in
Savings (or retained earnings)	

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Capital Reconciliation Account

<u>Debits</u>	<u>Credits</u>
Additions to the fixed capital and inventories of the sector	Depreciation allowances
Lending to other sectors	Savings
Capital transfers out	Borrowing from other sectors
	Capital transfers in

External Account

<u>Debits</u>	<u>Credits</u>
All credits in accounts 1 through 8 which do not appear as debits in those accounts	All debits in accounts 1 through 8 which do not appear as credits in those accounts

The formal duality (or double entry) restraint imposed on the preceding set of accounts may be relaxed and an alternate set of accounts introduced. The formal duality constraint imposed above requires that every debit entry for a given sector be matched by a credit entry in some account of the same sector. As an alternative the following restriction may be introduced: every credit entry must appear as a debit entry in some other account of the system. In this manner, the formal duality constraint is relaxed and a debit appearing in the household set of accounts need not reappear as a credit in that set but may reappear as a credit in, say, the government set of accounts. It is clear that in this alternate set of accounts there is no longer a requirement for the fourth, or external, account. On the other hand, it is necessary, if the economy trades outside its boundaries, to add a fourth, or foreign trade, sector. Through this sector it is possible to account for transactions which take place with persons and institutions outside the economy.

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