

THE SOVIET BUDGET FOR 1962



November 1962

NOT TO BE REPRODUCED IN WHOLE OR
IN PART WITHOUT THE PERMISSION OF
THE CENTRAL INTELLIGENCE AGENCY

CENTRAL INTELLIGENCE AGENCY

25-727971/1

NOTICE

This report has been loaned to the recipient by the Central Intelligence Agency. When it has served its purpose it should be destroyed or returned to the:

**CIA Librarian
Central Intelligence Agency
Washington 25, D. C.**

THE SOVIET BUDGET FOR 1962

CIA/RR ER 62-34

CENTRAL INTELLIGENCE AGENCY
Office of Research and Reports

FOREWORD

The Soviet planned budget for 1962 was presented to the Supreme Soviet of the USSR on 6 December 1961 and was duly made into law after the usual minor adjustments. This report covers the planned budget for 1962 and such data on the fulfillment of the 1961 budget as has so far been made public. The major tables in this report contain the basic data on the Soviet state budgets since 1957.

STAT

CONTENTS

	<u>Page</u>
Summary and Conclusions	1
I. Availability of Data	3
II. Expenditures	3
A. Financing the National Economy	4
1. Capital Investment	7
2. Working Capital	7
3. Agriculture	9
B. Social-Cultural Measures	9
C. Administration	12
D. Defense	12
E. Other Expenditures	13
1. Reserve Funds of the Councils of Ministers	13
2. Loan Service	14
3. Budgetary Expenditure Residual	14
III. Revenues	15
A. Turnover Tax	15
B. Deductions from Profits	16
C. Income and Other Taxes on Organizations	16
D. Social Insurance Receipts	16
E. Budgetary Revenue Residual	16
F. Revenue from the Private Sector	18
1. State Taxes on the Population	18
2. State Loans	18
3. Local Taxes and Collections	19

Appendixes

Appendix A. Residuals in the Soviet Budget	23
Appendix B. Budgets of the Union-Republics of the USSR	25



Tables

1. Plan for Financing the National Economy in the USSR, by Economic Sector, 1960-62	5
2. Capital Investment and Planned Sources of Financing in the USSR, 1958-62	6
3. Owned Working Capital Norms of State Enterprises in the USSR, 1 January 1960 - 1 January 1963	8
4. Planned Allocations to State Agriculture in the USSR, 1958-62	10
5. State Budget Expenditures for Social-Cultural Measures in the USSR, 1959-62	11
6. Relation Between the Soviet Turnover Tax and Retail Trade, 1958-62	15
7. Profits of State Enterprises and Organizations in the USSR, 1958-62	17
8. Expenditures of the State Budget in the USSR, 1957-62	20
9. Revenues of the State Budget in the USSR, 1957-62	21
10. Residuals in the State Budget of the USSR, 1955-62	24
11. State Budgets of the Union-Republics of the USSR, 1961 and 1962 Plans	26

THE SOVIET BUDGET FOR 1962

Summary and Conclusions

The state budget of the USSR for 1962 contains small increases above that for 1961 in total revenues and expenditures, but the stated appropriation for defense expenditure has increased to 13.4 billion rubles,* 45 percent greater than the corresponding appropriation for 1961 and about 8 percent above the revised total of 12.4 billion rubles for 1961 as announced by Khrushchev in July of that year. An analysis of the budget figures suggests that most of the increase in the explicit Defense appropriation may have been merely a transfer to the explicit Defense budget of expenditures previously charged elsewhere. The only explicit real offset to the large planned increase in the Defense budget is the very small rise in budget funds for capital investment. This appropriation rises from 19.5 billion rubles in 1961 to 19.7 billion rubles in 1962 compared with increases of 1.5 billion rubles in previous years.

Total revenues are planned at 81.9 billion rubles as against 79.0 billion in the 1961 Plan, and total expenditures at 80.4 billion rubles as against 77.6 billion in 1961.

Although retail trade is planned to be up 6 to 7 percent, receipts from the turnover tax are planned to be unchanged at 32.5 billion rubles, reflecting a somewhat lower average rate of the turnover tax. Budgetary receipts from profits are planned at 23.2 billion rubles as against 20.5 billion planned for 1961.

The total plan for Financing the National Economy increases only from 56.4 billion rubles for 1961 to 56.5 billion rubles for 1962, with the budgetary contribution to the plan dropping from 33.9 billion rubles to 32.5 billion. In fact, this drop may not reflect a decrease in the contribution of the budget to the economy. It would appear to reflect a transfer to the explicit Defense budget of certain specific expenditures

* Ruble values in this report are given in new rubles established by the Soviet currency reform of 1 January 1961. A nominal rate of exchange based upon the gold content of the respective currencies is 0.90 ruble to US \$1. This rate, however, should not be interpreted as an estimate of the equivalent dollar value of similar US goods or services. Unless otherwise indicated, ruble values in this report are in current rubles.

previously charged to the residual in Financing the National Economy (referred to as the FNE Residual).*

Planned expenditures for the category Social-Cultural Measures increase from 27.1 billion rubles for 1961 to 28.7 billion rubles for 1962. Within this category the budgetary allocation** for education, training of cadres, science, and culture increases by 9.7 percent to 12.4 billion rubles for 1962. The budgetary allocation for science alone for 1962 is set at 4.3 billion rubles, an increase of 1.1 billion rubles above the 1961 Plan.

The striking feature with regard to the budgetary information furnished this year is the small amount of information as regards actual fulfillment of the 1961 budget. On the expenditure side it is possible from the information that is given to calculate that, in 1961, actual expenditures under the explicit Defense budget were expected to be 11.9 billion rubles, but no other expenditure figures are given other than a total of 76.7 billion rubles. Total actual receipts were expected to be 78.3 billion rubles, which would be 0.7 billion rubles less than plan. The absence of actual expenditure figures for the category Financing the National Economy or its components precludes any analysis of economic trends in 1961 from the published budget.

* For a discussion of residuals in the Soviet budget, see Appendix A.
** The term allocation in this report is used consistently as an equivalent of planned expenditure.

I. Availability of Data

The published sources of information on the Soviet budget for 1962 are the speeches by Finance Minister Garbuzov and others to the Supreme Soviet on 6 December 1961 and articles published early in 1962 in official periodicals of the state planning and finance organs. 1/* The outstanding feature of this material is the paucity of information given as to fulfillment figures for 1961. In contrast to previous years, the articles in the finance periodicals added almost no information to that given in the speeches to the Supreme Soviet.

There has been only one minor public disclosure of data beyond the budget speeches. The fulfillment figures for 1960; as given in the budget speech in December 1960, failed for some reason to include expenditures financed from the Reserve Funds of the Council of Ministers. The final figures given in the 1960 statistical handbook, however, gave corrected expenditures that included use of the Reserve Funds (see Table 8**).

II. Expenditures

The over-all picture in regard to expenditures in the Soviet state budget may be seen in Table 8. Expenditures are planned to increase 2.8 billion rubles as against an increase in over-all planned receipts of 2.9 billion rubles. Announced increases in the budgetary allocations for Agriculture (0.9 billion rubles),*** for the Municipal Economy (0.2 billion rubles), and for Social-Cultural Measures (1.6 billion rubles) almost exhaust all of this increment.

If announced increments in several expenditure categories nearly exhaust the total increase in over-all expenditures (1962 Plan above the 1961 Plan), the interesting query arises as to what the sources are for the increases in the explicit Defense budget of 4.1 billion rubles (1962 Plan over what was originally planned for 1961). The declines that balance the increases in Defense appear in the allocation to Industry and Construction, in the residual of Financing the National Economy, and in the over-all Budgetary Expenditure Residual (see Table 8). To what extent these declines may be "real" rather than shifts of defense activities previously hidden in these categories is discussed in A and D, below.

STAT.

** P. 20, below.

*** These absolute increases are for the 1962 Plan compared with the 1961 Plan. As indicated above, published data for actual expenditures in 1961 to date are almost nil.

A. Financing the National Economy*

Comparative figures for the 3 years 1960, 1961, and 1962 for the full Plan for Financing the National Economy are given in Table 1.** The striking feature of the figures for 1962 is the drop in the budgetary allocation to Industry and Construction from 16.1 billion rubles in 1961 to 14.8 billion rubles in 1962. The changes in allocations to other sectors appear to be consistent with known developments in these sectors. The allocations to Agriculture (and Forestry) continue to increase, and, compared with 1960, there is some increase in the total allocation to Transportation and Communications.

The drop shown in the explicit budget allocation to Industry and Construction appears to represent decreases in both investment and noninvestment allocations. As can be seen from Table 2,*** there was no drop in the budgetary allocation to investment as a total. In fact, the budgetary allocation to investment increased from 19.5 billion to 19.7 billion rubles. With the total budgetary allocation to Agriculture up this year by only 0.9 billion rubles,† the investment portion of that allocation increase probably was not more than 0.6 billion rubles. 2/ From data published for previous years, 3/ an investment portion of not more than 0.2 billion is suggested by the increase for Social-Cultural Measures of 1.6 billion rubles (see Table 8). Allowing for an increase of 0.2 billion rubles in the budgetary allocation for investment for Trade, the increased budgetary allocation to investment other than Industry would not have been more than 1.0 billion rubles, which would mean that the budgetary contribution to investment in Industry and Construction would be down by about, and certainly not more than, 0.8 billion rubles (in that the total budgetary contribution to investment increased by 0.2 billion rubles). Funds for investment from sources other than the budget are to increase by 1.3 billion rubles (see Table 2), some of which certainly must represent funds for Industry.

Thus it would appear that any burden intended to be borne by Industry (and Construction) as a result of the increased military spending planned for 1962 is planned to take the form not of any decrease in the total of the funds that will be spent on Industry but rather in the spending on Industry in 1962 of little more than was planned to be spent in 1961.

* For a separate discussion of the Residual under Financing the National Economy, see Appendix A.

** Table 1 follows on p. 5.

*** Table 2 follows on p. 6.

† See 3, p. 9, below.

Table 1

Plan for Financing the National Economy in the USSR, by Economic Sector a/
1960-62

Economic Sector	Billion Current Rubles								
	1960 Plan			1961 Plan			1962 Plan		
	Budget <u>b/</u>	Enterprise Own Funds <u>c/</u>	Total	Budget	Enterprise Own Funds <u>c/</u>	Total	Budget	Enterprise Own Funds <u>c/</u>	Total
Industry and Construction	15.19	12.74	27.93	16.1	(14.7) <u>d/</u>	(30.8)	14.8	15.7	30.5
Agriculture and Forestry	3.23	1.83	5.06	4.2	2.0	6.2	5.1	2.5	7.6
Transportation and Communications	2.54	3.19	5.73	(2.5)	N.A.	N.A.	2.5	3.8	6.3
Trade (Domestic and Foreign)	(0.25)	(0.53)	(0.78)	(0.4)	N.A.	N.A. } N.A. }	1.7	1.0	2.7
Agricultural Procurement	(0.90)	N.A.	N.A.	(1.0)	N.A.	N.A. }	3.8	0.3	4.1
Municipal Economy	2.86	N.A.	N.A.	3.6	N.A.	N.A. }	4.5 <u>e/</u>	0.8	5.3
Residual	(5.93)	(1.18)	(7.11)	(6.1)	N.A.	N.A. }			
	<u>30.90</u>	<u>19.47</u>	<u>50.37</u>	<u>33.9</u>	<u>22.5</u>	<u>56.4</u>	<u>32.4 <u>e/</u></u>	<u>24.1</u>	<u>56.5</u>

a. 4/

b. The adjusted plan (see Table 8, p. 20, below).

c. Enterprise own funds (sobstvennyye sredstva predpriyatiya) consist mainly of profits, amortization allowances, and allowances for above-plan reductions in investment costs resulting from increased efficiency.

d. Figures in parentheses are estimates.

e. Differences from figures in Tables 8 and 10 are due to different rounding in the original source.

Table 2

Capital Investment and Planned Sources of Financing in the USSR a/
 1958-62

	Billion Rubles				
	<u>1958</u>	<u>1959</u>	<u>1960 <u>b/</u></u>	<u>1961 <u>b/</u></u>	<u>1962 <u>b/</u></u>
Volume (centralized) (in "estimate" prices) <u>c/</u>					
Total (plan)	<u>19.88</u>	<u>22.60</u>	<u>25.55</u>	<u>29.04</u>	<u>30.6</u>
Total (actual)	<u>19.91</u>	<u>22.04</u>	<u>25.7</u>	<u>27.7</u>	N.A.
Planned financing (centralized) (in current rubles)					
Total (plan)	<u>20.38</u>	<u>23.31</u>	<u>26.24</u>	<u>29.5</u>	<u>31.0</u>
Planned sources					
Budget	14.27	16.37	18.06	19.5	19.7
Profit	2.51	2.94	3.43	4.2	4.4
Amortization	2.77	3.25	3.61	4.1	4.6
Other	0.83	0.75	1.14	1.7	2.3
Decentralized (actual) (in "estimate" prices) <u>d/</u>	<u>4.04</u>	<u>4.76</u>	<u>5.1</u>	<u>4.8</u>	N.A.

a. 5/

b. Beginning with 1960, figures for centralized investment include outlays for project planning. Such outlays in 1960 amounted to 0.7 billion rubles.

c. Volume of construction, both planned and completed, is quoted in terms of "estimate prices," which are prices of 1 July 1955 with certain subsequent adjustments. The relationship of these estimate prices to current prices is reflected roughly by the relationship of the planned volume of investment, expressed in estimate prices, to the planned financing (including increased working capital for the construction organizations) for the same year, expressed in current rubles.

d. Excluding collective farm investment.

As stated earlier, information as to expected actual expenditures* in 1961 for Financing the National Economy is lacking.

The single figures given for the proposed 1962 expenditure for Trade and Procurement, taken together, constitute the first published information we have had on these sectors for some years (see Table 8). The new figure as given does not appear to constitute any reason for changing the estimate of 0.25 billion rubles that was made for the budgetary contribution to Trade in 1960. Some increase in the expenditure for Trade could be expected in the light of recent increase in the building of retail outlets. As regards Procurement, it was announced last December in Pravda that, under procurement, the state has taken on a new expense of 0.184 billion rubles to cover costs of transporting collective farm produce to the state procurement points. 6/

Developments over the last several years in expenditure for the Municipal Economy** are shown in Table 8.***

1. Capital Investment

Data on planned (centralized) capital investment, reported fulfillment, and planned sources of financing, for 1958 through 1962, are shown in Table 2. Although (centralized) investment is shown as being planned for 1962 at 31.0 billion rubles, 7/ or 1.5 billion rubles greater than planned for 1961, it will be noted that the budget allocation to investment in 1962 is being increased by only 0.2 billion rubles. This is the one place in the budget figures where the increase in the explicit Defense allocation (1962 Plan in comparison with the 1961 Plan) appears to be reflected in a reduced growth of other explicit expenditures.

2. Working Capital

The working capital norms of Soviet enterprises represent, for each enterprise, that enterprise's owned working capital in contrast to its borrowed working capital. These owned funds are supplemented regularly by borrowing on short term from the State Bank. On total the amount of borrowed working capital approximates, and recently has slightly exceeded, owned working capital. The development of the owned working capital norms over the past 4 years is shown in Table 3.†

* Figures for expenditures in 1961, made public in December of 1961 in connection with the announcement of the budget for 1962, are of necessity figures for expected expenditures in 1961.

** The literal translation of the Russian title for this segment of expenditure is the "Communal and Housing Economy."

*** P. 20, below.

† Table 3 follows on p. 8.

Table 3

Owned Working Capital Norms of State Enterprises in the USSR a/
1 January 1960 - 1 January 1963

Economic Sector	Billion Current Rubles						
	1 January 1960		1 January 1961		1 January 1962		1 January 1963
	Plan	Actual	Plan	Actual	Plan	Actual	Plan
Industry and Construction	20.07	20.48	22.26	23.0	24.9	24.6	26.0
Agriculture	3.74	3.85	4.30	4.5	5.2	6.4	7.5
Transportation and Communications	1.37	1.46	1.57	1.6	1.7	1.7	1.8
Domestic Trade	3.33	3.53	3.77	4.0	4.4	4.4	4.7
Agricultural Procurement	2.06	2.33	2.54	3.5	3.7	1.1	1.2
Other							
Total	<u>30.57</u>	<u>31.65</u>	<u>34.44</u>	<u>36.6</u>	<u>39.9</u>	<u>40.1</u>	<u>43.2</u>
Planned increase in working capital norms							
To be contributed from the budget			0.73		1.1		1.1
To come from earnings of the enterprise			2.06		2.2		2.0
Total			<u>2.79</u>		<u>3.3</u>		<u>3.1</u>

a. 8/

3. Agriculture

Allocations to state agriculture* have risen sharply (see Table 4**). The budget allocation to agriculture this year is 5.1 billion rubles compared with 4.2 billion rubles in 1961, and contributions from enterprise own funds*** will be 2.5 billion rubles as against 2.0 billion rubles last year.† The total allocation to state farms this year, both from the budget and from own funds, is 5.011 billion rubles as against 4.1 billion rubles last year, reflecting in part the increase in the number of state farms resulting from the transformation of collective farms to state farms.

Centralized capital investment in agriculture for 1962 was first planned at 3.139 billion rubles. Later this figure was increased by 0.210 billion rubles (see Table 4, footnote b).

In the original plan and budget speeches, there was no announcement of planned capital investment on the collective farms. An official statement in mid-March that total investment in agriculture will be nearly 8 billion rubles suggests investment by collective farms of about the amount planned for last year, 4.6 billion rubles.

B. Social-Cultural Measures

Expenditures from the budget for Social-Cultural Measures in 1962 are planned to be 28.7 billion rubles. Details of planned expenditures for 1962, in comparison with planned expenditures for earlier years, are given in Table 5.†† Expenditures for Science continue to†††

* The Soviet term state agriculture in the context of budgetary expenditures includes allocations to state farms, repair technical stations, and general agricultural programs such as irrigation, experimental stations, afforestation, and the like, but it excludes the collective farms.

** Table 4 follows on p. 10.

*** Enterprise own funds (sobstvennyye sredstva predpriyatiya) consist mainly of profits, amortization allowances, and allowances for above-plan reductions in investment costs resulting from increased efficiency.

† The increases in meat and butter prices announced in July 1962 probably will permit increased expenditures by state farms of own funds above original plans.

†† Table 5 follows on p. 11.

††† Text continued on p. 11.

Table 4

Planned Allocations to State Agriculture in the USSR a/
 1958-62

Billions Current Rubles

	<u>1958</u>	<u>1959</u>	<u>1960</u>	<u>1961</u>	<u>1962</u>
Total financing	<u>6.52</u>	<u>4.50</u>	<u>5.06</u>	<u>6.2</u>	<u>7.6</u> <u>b/</u>
Budget funds	<u>5.34</u>	<u>3.03</u>	<u>3.23</u>	<u>4.2</u>	<u>5.1</u>
State farms	1.19	1.40	1.90	2.7	(3.5) <u>c/</u>
MIS-RTS's <u>d/</u>	2.96	0.37	0.29 <u>e/</u>	N.A.	N.A.
Other	1.19	1.26	1.04	N.A.	N.A.
Enterprise own funds	<u>1.18</u>	<u>1.47</u>	<u>1.83</u>	<u>2.0</u>	<u>2.5</u>
Of which:					
State farms	N.A.	N.A.	N.A.	1.4	(1.5) <u>c/</u>
Total centralized investment	<u>2.97</u>	<u>1.91</u>	<u>1.90</u> <u>f/</u>	<u>2.3</u>	<u>3.1</u> <u>b/</u>
Budget funds	2.59	1.52	N.A.	N.A.	N.A.
Own funds	0.38	0.39	N.A.	N.A.	N.A.

a. 9/. For a definition of the Soviet term state agriculture, see the first footnote on p. 9, above.

b. Original plan. Inasmuch as the original plan for centralized capital investment in agriculture in 1962, in the amount of 3.139 billion rubles, was later increased by 0.210 billion rubles, 10/ it is to be presumed that the total plan was increased at the same time by an equal amount.

c. Total allocation to state farms was 5.011 billion rubles. The distribution between the planned contributions to this amount from budget funds and from own funds has been estimated on the basis of the shares in previous years.

d. Machine tractor stations (MIS's) in 1958, repair technical stations (RTS's) thereafter.

e. This figure may include a small amount of enterprise own funds in addition to budget funds.

f. Calculated figure.

Table 5

State Budget Expenditures for Social-Cultural Measures in the USSR a/
 1959-62

Billions Current Rubles

	<u>1959</u>	<u>1960</u>		<u>1961</u>		<u>1962</u>
	<u>Actual</u>	<u>Plan</u>	<u>Actual</u>	<u>Plan</u>	<u>Actual</u>	<u>Plan</u>
Total for Social-Cultural Measures	<u>23.12</u>	<u>24.74</u>	<u>24.93</u>	<u>27.1</u>	N.A.	<u>28.7</u>
Education	<u>9.41</u>	<u>10.20</u>	<u>10.32</u>	<u>11.3</u>	N.A.	<u>12.4</u>
General Education	4.43	(4.50) <u>b/</u>	5.00	5.3	N.A.	(5.3)
Training of Cadres	2.39	2.21	2.42	2.2	N.A.	(2.2)
Science <u>c/</u>	2.00	(2.84)	2.34	(3.2)	(3.8)	4.3
Other	0.59	(0.65)	0.56	(0.6)	N.A.	(0.6)
Health and Physical Culture	<u>4.47</u>	<u>4.75</u>	<u>4.82</u>	<u>5.2</u>	N.A.	<u>5.0</u>
Social Welfare	<u>9.24</u>	<u>9.79</u>	<u>9.79</u>	<u>10.6</u>	N.A.	<u>11.3</u>
Social Security	2.67	2.30	2.81	N.A.	N.A.	N.A.
Social Insurance	6.07	7.02	6.48	7.8	(7.9)	8.4
Aid to Mothers	0.50	0.47	0.50	N.A.	N.A.	N.A.

a. 11/

b. Figures in parentheses are estimates.

c. In addition to these expenditures financed from the budget, other expenditures for Science are financed from enterprise own funds.

rise rapidly.* As against planned budgetary expenditures for Science in 1961 of 3.2 billion rubles, actual budgetary expenditures were 3.8 billion rubles, and planned budgetary expenditures for 1962 are 4.3 billion rubles.

* The full Soviet term for the budgetary expenditure category Science is "Expenditures for Scientific-Research Establishments." These "scientific-research establishments" include the Academy of Sciences of the USSR and its branches and affiliated subordinate institutes and, in addition, certain other scientific-research establishments more directly connected with production. 12/

Over and above state budgetary expenditures for Science, there are the expenditures referred to as financed from enterprise own funds, which may represent the expenditures for research covered by being included in the costs of production. Total planned expenditures for Science from all sources for 1961 were evidently 3.8 billion rubles; total actual expenditures in 1960 were 3.26 billion rubles.*

C. Administration

Outlays for Administration continue to decline. Planned outlays for 1962 are 1.07 billion rubles as against a planned outlay of 1.09 billion rubles for 1961** (see Table 8***).

D. Defense

The explicit Defense budget for 1961 was set originally at 9.255 billion rubles, slightly under that of the previous year (see Table 8), in apparent conformity with the announced plan for the continuing reduction of the number of effectives in the armed forces. Khrushchev, in his speech of 8 July 1961, announced a halting of the reduction in armed forces and an increase in such allocations to 12.4 billion rubles, 15/ an apparent increment of more than 3.1 billion rubles. In connection with the announcement of the Defense budget for 1962, set at 13.4 billion rubles, the statement was made that this proposed expenditure for 1962 was "higher by 13 percent than 1961," from which an expenditure for 1961, in the amount of 11.9 billion rubles, can be calculated. 16/

The discontinuation of demobilization would result in overplan manpower costs, but the evidence from the budget suggests (see Table 8) that any increase above the original in actual expenditures for 1961 for Defense must have been moderate. Total actual expenditures, for the budget as a whole, were less than plan. The underfulfillment in state centralized investments appears to be the probable cause of the shortfall of 0.9 billion rubles in total expenditures compared with the original plan. There is no apparent indication of significant decreases in other budget expenditure categories below the original plan. As indicated above, it is suspected that budget categories other than the item labeled explicitly Defense contain planned expenditures normally characterized as defense. It can be conjectured that the major part of

* An official reference 13/ that quotes these larger magnitudes is presumed to give the total expenditures financed from both budgetary and nonbudgetary funds.

** Expenditures for Administration in the Soviet state budget consist of expenditures for the maintenance of the central and local organs of state power, the state administration, the state courts, and the state procuracy. 14/

*** P. 20, below.

the apparent above-plan (original 1961 Plan) fulfillment for 1961 was the result of "surfacing" of defense-related expenditures from these other elements.

It is further suggested that this type of transfer (defense expenditures from nondefense categories to the explicit Defense category) continued into the planned budget for 1962. The increase in the explicit Defense budget for 1962 (Plan) compared with 1961 (Original Plan) of 4.1 billion rubles is completely offset by the following decreases: (1) 1.3 billion rubles in the explicit allocation for Industry and Construction, (2) 1.5 billion rubles in the residual in the category Financing the National Economy, and (3) about 1.5 billion rubles in the unspecified budget expenditure remainder. It is suggested that most of these decreases represent transfers of expenditure categories to the explicit Defense budget rather than real decreases in planned nondefense spending.

Although the above remains highly conjectural, it is believed that, given the lack of alternative explanations as to why certain trends in these other categories (two residual, one explicit) are noted, there is a basis for assuming that the transfer of some of the "hidden" defense expenditures is responsible. These unexplained residuals of expenditure, as well as the budgetary revenue residual, are considered in detail in Appendix A.

The only area in the budget where planned expenditures seem to have been cut back from what they would have been otherwise appears to be in the proposed budgetary financing of new capital investment. As can be seen by reference to Table 2,* whereas the budgetary contribution to new capital investment in 1961 was set at 19.5 billion rubles, the corresponding figure for 1962 is only 19.7 billion rubles. The increase of 0.2 billion may be compared with annual increases of about 1.5 billion rubles in previous years.

In considering these possibilities, it must be remembered that these comparisons are between plans. The 1961 pattern of actual expenditures, and in particular the actual disposition of the 2.8 billion rubles in the Reserve Funds of the Councils of Ministers (see E, 1, below) for 1961, were not published.

E. Other Expenditures

1. Reserve Funds of the Councils of Ministers

Reserve Funds, for expenditure by the Council of Ministers of the USSR and by the Councils of Ministers of the union-republics,

* P. 6, above.

are set up as such in the planned budgets. Expenditures of these funds, however, are shown in the reports of budgetary expenditures under the expense category where the expenditure was made. For the years 1957, 1958, and 1959 the reports of actual expenditures indicated that these reserve funds had been used, in major part, to finance expenditures under Financing the National Economy. For some reason the preliminary fulfillment figures for 1960, as given in the end-of-year budget speech in December 1960, failed to include in the amount given for expenditures under Financing the National Economy such expenditures as were financed from these reserve funds. Final fulfillment figures for 1960 given in the 1960 handbook apparently did include them. Final fulfillment figures for the budget as a whole show total expenditures to have been 0.75 billion rubles more than the announced preliminary figures (see Table 8*). If it is assumed that these expenditures were charged to the FNE Residual (an assumption that is warranted by what we know of the account), there would be left in the increase in the difference between the preliminary and final FNE total a sum of 2.35 billion rubles** to be imputed to the Industry and Construction component of FNE as the additional expenditures charged to that account financed from the original reserves figure of 2.76 billion rubles (see Table 8).

As can be seen from Table 8, the actual disposition of Reserve Funds in 1961 and the amount of Reserve Funds set aside for 1962 cannot be determined from the information as published.

2. Loan Service***

Table 8 shows that no data on this account have been given later than the fulfillment figure for 1960, which was 0.7 billion rubles.

3. Budgetary Expenditure Residual†

The remainder of the expenditures in the general expenditure budget, a category designated as the Budgetary Expenditure Residual, have been relatively stable in recent years until 1962†† (see Table 8). This residual is believed to include outlays for internal security (such as expenditures of the republic Ministries of Internal Affairs and of the Committee or Committees for State Security), and it probably includes budgetary appropriations to increase the funds available for

* P. 20, below.

** 34.1 less 31.0 equals 3.1, which, less 0.75, equals 2.35.

*** The expenditure category Loan Service, covering principal retirement and interest payments on the state loan, has constituted a minor sum since 1957, when a moratorium on the public-held state loan was declared.

† For further discussion of this residual, see Appendix A.

†† For an explanation of the unusual amount of this residual in the preliminary actual figures for 1960, see 1, p. 13, above.

long-term lending. 17/ Appropriations for this latter purpose in 1957 were 0.46 billion rubles, in 1958 0.30 billion rubles. 18/ As the total of this account at all times far exceeds these known elements, this is one of the accounts that must be considered as probably containing some portion of the expenditures for defense purposes outside of the explicit Defense budget.

III. Revenues

The general trend in the Soviet state budgetary revenues is shown in Table 9.*

A. Turnover Tax

The turnover tax, effectively an excise tax levied on consumption goods, represents the largest single revenue item in the budget. Table 6 shows the trend in this tax over recent years: the base of the tax has been increasing and the rate of tax declining. In 1962 the total amount of the tax to be collected is 32.5 billion rubles, the same amount as planned for 1961.

Table 6

Relation Between the Soviet Turnover Tax and Retail Trade
 1958-62

<u>Year</u>	<u>Billion Current Rubles</u>		
	<u>Turnover Tax ^{a/}</u>	<u>Retail Trade ^{b/}</u>	<u>Turnover Tax as a Percent of Retail Trade ^{c/}</u>
1958 (actual)	30.45	66.85	45.5
1959 (actual)	31.07	70.95	43.8
1960 (actual)	31.3	77.80	40.2
1961 (actual)	31.2 <u>d/</u>	80.2	38.9
1962 (plan)	32.5	86	37.8

a. See Table 9, p. 21, below.

b. 19/ Excluding the commission sales of consumer cooperatives, which do not carry turnover tax.

c. Calculated.

d. Preliminary.

* P. 21, below.

B. Deductions from Profits

All of the profits from state enterprises are disposed of in accordance with instructions laid down by the state. In 1962 the state will take directly for the budget a little more than two-thirds of the profits that are planned. The larger part of above-plan profits is left with the enterprises. Profits paid to the budget are called "profit deductions." Profits left with the enterprises, with the exception of amounts used to repay modernization loans and to finance various types of bonuses, are used, together with accumulations of amortization funds not used for capital repair, for capital investment and other planned expenditures. The trend of profits in recent years can be seen from Table 7.*

The large increase in planned profits for 1960 in comparison with that for 1959 reflects the transfer into state enterprises of the producer cooperatives and the fact that this transfer, effected during 1960, was already planned at the time of the announcement of the 1960 plan figures.

Profits planned for 1962 do not take into consideration the forthcoming planned industrial price changes, because these changes are planned to be put into effect at the end of 1962.

C. Income and Other Taxes on Organizations

As can be seen from Table 9,** tax receipts in this sector have been declining. Taxes in this sector include entertainment taxes and income taxes from consumer cooperatives, social organizations, and collective farms.

D. Social Insurance Receipts

Social Insurance Receipts consist of payments to the budget by state enterprises of a fixed percentage of their wage bill. Receipts for 1962 are planned at 4.5 billion rubles (see Table 9).

E. Budgetary Revenue Residual***

Inasmuch as all the segments of revenue from the private sector can be identified, the Budgetary Revenue Residual is the residual in the revenue from the social sector. Information on what is included in this residual is published only on a very scattered basis.

* Table 7 follows on p. 17.

** P. 21, below.

*** For further discussion of this residual, see Appendix A.

Table 7

Profits of State Enterprises and Organizations in the USSR a/
1958-62

	Billion Current Rubles										
	1958		1959		1960				1961		1962
	Confirmed Plan	Preliminary Actual	Confirmed Plan	Preliminary Actual	Plan	Adjusted Plan <u>b/</u>	Preliminary Actual	Actual	Confirmed Plan	Preliminary Actual	Confirmed Plan
Total	<u>18.84</u>	<u>19.64</u>	<u>21.95</u>	<u>23.24</u>	<u>28.53</u>	<u>(26.48)</u> <u>c/</u>	<u>(27.8)</u>	<u>(27.0)</u>	<u>30.2</u>	<u>29.3</u>	<u>32.9</u>
To budget <u>d/</u>	12.86		15.25		20.07	(18.02)	18.7	(18.3)	(20.2)	20.8	22.8
Retained	5.98		6.70		8.46	8.46	(9.1)	(8.7)	(10.0)	8.5	10.1
Of which:											
Industry and Construction	<u>11.16</u>	<u>(11.76)</u>	<u>13.25</u>	<u>14.33</u>	<u>18.27</u>	<u>18.27</u>		<u>(18.3)</u>		<u>18.5</u>	<u>20.9</u>
To budget	7.13		8.60		12.48	12.48					14.1
Retained	4.03		4.65		5.79	5.79					6.8

a. 20/

b. Adjusted, to make comparable with subsequent data, by elimination of profit on imports (see Table 8, footnote g, p. 20, below).

c. Figures in parentheses are calculated or estimated.

d. Less than the total amount to be carried to the budget, by amounts expected to be collected as a result of recalculations of amounts due to the budget on profits earned in previous years. For amounts planned to be carried to the budget, see Table 9, p. 21, below.

Besides the income from forestry operations, which was planned for 1958 at 0.21 billion rubles, this residual includes unclaimed balances transferred to the state by Soviet enterprises and sums received from the sale of state property. It is believed that this residual receives the proceeds of the sale of gold from the State Material Reserves and any repayments of foreign loans.

The trend in this residual can be seen by reference to Table 9.* Table 10** shows that increases for the years 1959, 1960, and 1961 appear to have been matched rather closely by corresponding increases in the unidentified residual in Financing the National Economy.

F. Revenue from the Private Sector

1. State Taxes on the Population

In October 1960 a plan was initiated in the USSR for the elimination by October 1966 of special personal taxes and all income taxes on the population. As a result of the tax reductions put into effect under this plan, planned revenues for 1961 from state taxes on the population were less than revenues planned and received for 1960. This plan continues to be put into effect by "stages." For example, initially there was an elimination on 1 October 1960 of the bachelor tax and all income tax on salaries up to 50 rubles per month and a reduction of the tax on incomes between 51 and 60 rubles per month. On 1 October 1961 the remainder of the tax on salaries from 51 to 60 rubles per month was eliminated, and a reduction of the tax on salaries from 61 to 70 rubles per month was initiated. On 1 October 1962 the elimination of tax and the reduction of tax will be moved up another step.

Nevertheless, for 1962 the general increase in levels of personal income, plus the effect of the proposed shift to a new and higher basis of salaries in the nonproductive sector, apparently will expand the taxable income of the categories not yet subject to rate revision sufficiently to more than offset the reductions. With an expected expansion of between 3 and 4 percent in the number of "workers and employees," the planned revenue in 1962 from state taxes on the population will be 5.8 billion rubles as against 5.5 billion rubles planned for 1961 (see Table 9***).

2. State Loans

Savings deposits by the end of 1962 are expected to reach 12.7 billion rubles, 21/ an expected increase for the year of 1.0

* P. 21, below.

** Appendix A, p. 23, below.

*** P. 21, below.

billion rubles. 22/ This increase will make it possible for the savings bank system to further increase, by the same amount, its holding of state loans. Other purchases of state loans for 1962 can be estimated at 0.1 billion rubles (see Table 9).

3. Local Taxes and Collections

Local taxes and collections include the construction tax, land rents, various fees from the collective farm markets, taxes on the owners of private transport, and taxes on the ownership of livestock. The revenue from local taxes and collections goes in full to the budget of the locality on the territory of which they are collected. Primarily they are the taxes of municipalities. 23/ The trend in these taxes over recent years can be seen from Table 9.*

* P. 21, below.

Table 8
Expenditures of the State Budget in the USSR
1957-62

	Billion Current Rubles													
	1957 a/		1958 b/		1959 c/			1960 d/				1961 e/		1962 f/
	Confirmed Plan	Preliminary Actual	Confirmed Plan	Actual	Confirmed Plan	Actual	Plan	Confirmed Plan	Adjusted Plan g/	Preliminary Actual	Final Actual	Confirmed Plan	Preliminary Actual	Confirmed Plan
Financing the National Economy	<u>24.47</u>	<u>26.70</u>	<u>25.72</u>	<u>29.03</u>	<u>30.89</u>	<u>32.37</u>	<u>32.78</u>	<u>32.85</u>	(30.90) b/	<u>31.0</u>	<u>34.1</u>	<u>33.9</u>	N.A.	<u>32.5</u>
Industry and Construction	11.84	13.08	12.90	N.A.	14.53	N.A.	15.18	15.19		15.6	(17.95)	16.1	N.A.	14.8
Agriculture and Forestry	5.29	5.18	5.34	N.A.	3.03	N.A.	3.23	3.23		3.3	3.3	4.2	N.A.	5.1
Transportation and Communications	1.80	2.26	(1.84) j/	N.A.	2.50	N.A.	2.54	2.54		(2.5)	(2.5)	(2.5)	N.A.	2.5
Trade (Domestic and Foreign)	(1.50)	N.A.	(1.50)	N.A.	(1.80)	N.A.	(2.20)	(2.20)	(0.25)	(0.3)	(0.3)	(0.4)	N.A.	1.7
Agricultural Procurement	(0.80)	N.A.	0.86	N.A.	(0.90)	N.A.	(0.90)	(0.90)		(0.9)	(0.9)	(1.0)	N.A.	1.7
Municipal Economy	(1.34)	N.A.	(1.40)	N.A.	(2.80)	N.A.	2.86	2.86		(0.9)	(0.9)	(1.0)	N.A.	3.8
Unidentified Residual	(1.90)	N.A.	(1.88)	N.A.	(5.33)	N.A.	(5.87)	(5.93)		3.1	3.1	3.6	N.A.	4.6
Social-Cultural Measures										(5.3)	(6.05)	(6.1)	N.A.	
Education (and Science)	7.89	8.07	8.42	8.60	9.44	9.41	10.20	10.22		10.3	10.3	11.3	N.A.	12.4
Health and Physical Culture	3.79	3.83	4.04	4.12	4.41	4.47	4.75	4.77		4.8	4.8	5.2	N.A.	5.0
Social Welfare	7.16	8.15	8.82	8.70	9.37	9.24	9.79	9.79		9.8	9.8	10.6	N.A.	11.3
Administration	<u>1.19</u>	<u>1.19</u>	<u>1.19</u>	<u>1.20</u>	<u>1.15</u>	<u>1.12</u>	<u>1.11</u>	N.A.		(1.10)	<u>1.1</u>	<u>1.09</u>	N.A.	<u>1.07</u>
Defense	<u>2.67</u>	(2.50)	<u>2.63</u>	<u>2.36</u>	<u>2.61</u>	<u>2.37</u>	<u>2.61</u>	N.A.		<u>2.33</u>	<u>2.3</u>	<u>2.255</u>	11.9 j/	<u>13.4</u>
Reserve Funds, Councils of Ministers	<u>1.40</u>	0	<u>1.67</u>	0	<u>2.12</u>	0	<u>2.76</u>	N.A.		0	0	<u>2.80</u>	N.A.	
Loan Service	<u>1.80</u>	(0.40)	(0.37)	<u>0.37</u>	(0.60)	<u>0.69</u>	(0.70)	N.A.		(0.70)	<u>0.7</u>	(0.70)	N.A.	<u>4.73</u>
Budgetary Expenditure Residual	<u>3.09</u>	(2.89)	(2.91)	<u>2.89</u>	(3.17)	<u>3.73</u>	(2.78)	N.A.		(5.32)	<u>3.0</u>	(2.755)	N.A.	
Total expenditures	<u>60.46</u>	<u>60.73</u>	<u>62.77</u>	<u>64.27</u>	<u>70.76</u>	<u>70.40</u>	<u>74.48</u>	<u>74.58</u>	(72.63)	(72.35)	<u>73.1</u>	<u>77.6</u>	<u>76.7</u>	<u>80.4</u>

a. 24/
b. 25/
c. 26/
d. 27/
e. 28/
f. 29/

g. Adjusted, to make comparable with subsequent data, by elimination of profit on imports and subsidy paid on exports (see the treatment of this subject in source 30/).

h. Figures in parentheses are estimates.

i. The figure given in the source has been adjusted, to make the resulting figure comparable with other years.

j. Calculated on the basis of a statement that the defense budget for 1962, set at 13.4 billion rubles, was "higher by 13 percent than 1961." 31/

Table 9
Revenues of the State Budget in the USSR
1957-62

	1957 ^{a/}		1958 ^{b/}		1959 ^{c/}		1960 ^{d/}				1961 ^{e/}		1962 ^{f/}		
	Confirmed Plan	Preliminary Actual	Confirmed Plan	Actual	Confirmed Plan	Actual	Plan	Confirmed Plan	Adjusted Plan ^{g/}	Preliminary Actual	Final Actual	Confirmed Plan	Preliminary Actual	Confirmed Plan	
Social sector	<u>52.45</u>	<u>(53.77)</u> ^{b/}	<u>57.03</u>	<u>60.40</u>	<u>65.60</u>	<u>66.60</u>	<u>70.17</u>				<u>68.2</u>	<u>70.1</u>	<u>72.1</u>	<u>71.2</u>	<u>74.5</u>
Turnover Tax	27.73	27.56	30.15	30.45	33.30	31.07	31.71			31.3	31.3	32.5	31.2	32.5	
Receipts from Profits	11.60	11.84	13.03	13.54	15.50	15.96	20.30	20.30	(18.25)	19.0	18.6	20.5	21.1	23.2	
Revenue from MIS-RIS's ^{i/}	1.39	1.13	1.19	0.97	0.15	0.18	0			0	0	0	0	0	
Other Taxes on Organizations	1.55	1.41	1.56	1.66	1.96	1.90	2.13			(1.8)	1.8	1.6	(1.4)	1.3	
Social Insurance Receipts	3.10	3.33	3.33	3.31	(3.50)	3.63	(3.70)			(3.8)	3.8	4.2	(4.2)	4.5	
Revenue Residual	7.08	(8.50)	7.77	10.47	(11.19)	13.86	(12.33)			(12.3)	14.6	13.3	(13.3)	13.0	
Private sector	<u>9.27</u>	<u>(8.92)</u>	<u>7.27</u>	<u>6.83</u>	<u>6.73</u>	<u>7.41</u>	<u>7.04</u>			<u>(7.15)</u>	<u>7.0</u>	<u>6.9</u>	<u>7.1</u>	<u>7.4</u>	
State Taxes on the Population	5.15	5.20	4.98	5.19	5.61	5.52	5.72			(5.7)	5.6	5.5	(5.5)	5.8	
State Loans from Savings Deposits	1.10	1.60	1.30	0.65	0.72	1.33	0.84			(0.85)	0.8	0.9	(1.0)	1.0	
Other State Loans	2.82	1.92	0.46	0.41	(0.08)	0.16	(0.08)			(0.1)	0.1	0.1	(0.1)	(0.1)	
Local Taxes	0.20	(0.20)	0.53	0.58	(0.32)	0.40	(0.40)			(0.5)	0.5	0.4	(0.5)	(0.5)	
Total revenues	<u>61.72</u>	<u>62.69</u>	<u>64.30</u>	<u>67.23</u>	<u>72.33</u>	<u>74.01</u>	<u>77.21</u>	<u>77.30</u>	<u>(75.25)</u>	<u>(75.35)</u>	<u>77.1</u>	<u>79.0</u>	<u>78.3</u>	<u>81.9</u>	

a. 32/b. 33/c. 34/d. 35/e. 36/f. 37/g. Adjusted, to make comparable with subsequent data, by elimination of profit on imports and subsidy paid on exports (see the treatment of this subject in source 38/).

h. Figures in parentheses are estimates.

i. Machine tractor stations (MIS's) until 1958, repair technical stations (RTS's) thereafter. Revenues after 1958 represent collections by the RTS's of unpaid revenues due to the MIS's.

APPENDIX A

RESIDUALS IN THE SOVIET BUDGET

In the Soviet Budget, three expenditure residuals merit attention: the final residual, which will be referred to here as the Budgetary Expenditure Residual; the residual in Financing the National Economy, referred to as the FNE Residual; and the residual derived by subtracting from the Industry and Construction component of Financing the National Economy the actual or estimated amounts for the major specific components of that account. These three residuals are derived in Table 10* for the years since 1955 for which they can be estimated.

Any detailed interpretation of the data presented in Table 10 would require further study, but certain tentative conclusions may be suggested:

1. During the period 1955-62, there has been a general upward trend in all three residuals, with certain notable exceptions.

a. The decrease in 1956 in the FNE Residual (actual) compared with 1955 of 0.89 billion rubles may have been related to the seemingly abnormal increase of 1.24 billion rubles in the Industry and Construction residual -- that is, a simple transfer between residuals.

b. An extraordinary increment in 1959 in the FNE Residual (plan) compared with the plan for the previous year (1.88 billion to 5.33 billion rubles) is not easily explained. It is interesting to note that this increase of 3.45 billion rubles was matched by a similar increase in the Revenue Residual (plan) for the same 2 years of 3.42 billion rubles (Table 10, item 4).

2. Another clear turning point was the aggregate decrease in the 1962 Plan compared with the 1961 Plan in the two residuals (Table 10, items 2 and 3) of 3.1 billion rubles. It is conjectured that this significant reduction was related to the large supplemental allocations to the explicit Defense budget announced by Khrushchev in the summer of 1961 and the continued increase in the explicit Defense budget planned for 1962 (see Table 8**). In other words, the large reduction in the plan for these two residuals may have been related to a "surfacing" of defense expenditures (explicitly announced) previously included in these residuals. No estimate is possible with respect to the movement since 1960 of the residual in the Industry and Construction component of Financing the National Economy.

* Table 10 follows on p. 24.

** P. 20, above.

Table 10
Residuals in the State Budget of the USSR
1955-62

	Billion Current Rubles														
	1955		1956		1957		1958		1959		1960		1961		1962
	Actual	Plan	Actual	Plan	Actual	Plan	Actual	Plan	Actual	Plan	Actual	Plan	Actual	Plan	
1. FNE Industry and Construction <u>a/</u>	11.02	11.00	12.82	11.84	13.08	12.90	(14.57) <u>b/</u>	14.53	(16.01)	15.19	(17.95)	16.1	N.A.	14.8	
Less:															
Investment <u>c/</u> Increase in working capital <u>d/</u>	7.28		8.00		(8.52)		(9.18)		(9.67)		(10.40)				
Design Bureaus <u>e/</u> Research and Development <u>d/</u>	(0.39)		(0.18)		(0.32)		(0.31)		(0.17)		(0.40)				
Losses paid from budget <u>f/</u>	0.45		0.50		0.52		0.56		0.60		0				
	(0.50)		(0.50)		(0.40)		(0.30)		(0.20)		0				
	(1.06)		(1.06)		(0.56)		(1.20)		(1.80)		(3.00)				
Equals:															
FNE Industry and Construction Residual	(1.34)		(2.58)		(2.76)		(3.02)		(3.57)		(4.15)		N.A.	N.A.	
2. FNE Residual <u>g/</u>	2.53	(1.59)	1.64	(1.9)	N.A.	(1.88)	N.A.	(5.33)	N.A.	(5.93)	(6.05)	(6.1)	N.A.	4.6	
3. Budget Expenditure Residual <u>h/</u>	2.50	(2.68)	2.82	3.09	(2.89)	(2.91)	2.89	(3.17)	3.73	(2.78)	3.00	(2.755)		(1.2)	
4. Revenue Residual <u>i/</u>	8.59	N.A.	7.39	7.08	(8.50)	7.77	10.47	(11.19)	13.86	(12.33)	14.6	13.3	(13.3)	13.0	

a. 1955, 1956, source 39/; 1957 and plans for 1958 through 1962 from Table 8, p. 20, above; actual 1958 and 1959 as estimated in source 40/; actual 1960 as estimated in II, E, 1, p. 13, above.

b. Figures in parentheses are estimates.

c. 1955, 1956, source 41/; 1957 through 1959 as estimated in source 42/; 1960 estimated on basis of all available data.

d. Estimated as indicated in source 43/.

e. 1955 through 1959 calculated as the difference between capital investment figures including and excluding these costs, figures from source 44/; as from 1960 these expenditures were no longer charged to this account, being included in capital investment costs.

f. 1955 through 1959 estimated as indicated in source 45/; 1959 confirmed and 1960 estimated by comparing profit figures in Table 7, p. 17, above, with net profit figures given in source 46/.

g. Actual 1955 and 1956 from source 47/; plan 1956 as estimated in 48/; 1957 through 1962 from Table 8, p. 20, above.

h. Actual 1955 and 1956 from source 49/; plan 1956 as estimated in source 50/; 1957 through 1961 from Table 8, p. 20, above; plan 1962 estimated on assumption that Reserve Funds of the Councils of Ministers and Loan Services remained unchanged.

i. Actual 1955 and 1956 from source 51/; 1957 through 1962 from Table 9, p. 21, above.

APPENDIX B

BUDGETS OF THE UNION-REPUBLICS OF THE USSR

Expenditures channeled through republic and local budgets in 1962 (thus appearing in the union-republic state budgets rather than in the All-Union budget) will total 44.8 billion rubles (see Table 11*) representing 55.7 percent of the total expenditures of the consolidated budget, 80.4 billion rubles (see Table 8**). The share of expenditures passing through the republic and local budgets has been increasing ever since 1955, when a large number of industrial, agricultural, construction, trade, and other organizations were transferred from union control to republic control. This trend was furthered by the 1957 reorganization, which put the bulk of industry under the jurisdiction of the councils of national economy, which in turn are under republic jurisdiction.

The union-republic state budgets for the 1961 plan and for the 1962 plan are shown in Table 11. Union-republic outlays are covered by the republic retaining certain portions of revenues collected within the territory of the republic. In general, republics retain all income from the collective farm income tax, the agricultural tax, forest revenue, and 50 percent of income taxes and state loan revenues. In the case of profit deductions, enterprises subordinate to republics pay their profit deductions to the republic, except that 20 percent of the plan profit of enterprises under the councils of national economy goes to the All-Union budget. The share of the turnover tax retained is fixed in the yearly plan to permit the republics to cover their expenditures without a surplus. In the 1962 plan, Kazakh SSR and Turkmen SSR, in addition to receiving 100 percent of the turnover tax collected on their territory, will receive further subsidies "for the development of branches of the republic's economy which are of national importance" of 1,027 million rubles and 62 million rubles, respectively. 52/

Expenditures for the union-republic state budgets for Financing the National Economy in 1961 will be 21.7 billion rubles, to be supplemented by 19.8 billion rubles from the own resources of the enterprises and economic organizations of the republics. Expenditures from the union-republic state budgets for Social-Cultural Measures will be 20.6 billion rubles. 53/

* Table 11 follows on p. 26.

** P. 20, above.

Table 11

State Budgets of the Union-Republics of the USSR a/
 1961 and 1962 Plans

Republic	Billion Current Rubles	
	1961	1962
	Proposed Plan	
RFSFR	25.292	26.363
Ukrainian SSR	7.456	7.598
Belorussian SSR	1.279	1.342
Uzbek SSR	1.145	1.238
Kazakh SSR	3.092	3.375
Georgian SSR	0.718	0.748
Azerbaijan SSR	0.669	0.705
Lithuanian SSR	0.545	0.579
Moldavian SSR	0.328	0.351
Latvian SSR	0.474	0.495
Kirgiz SSR	0.395	0.421
Tadzhik SSR	0.331	0.360
Armenian SSR	0.366	0.397
Turkmen SSR	0.362	0.378
Estonian SSR	0.320	0.340
Total	<u>42.772</u>	<u>44.690</u>
	Confirmed Plan	
Total	N.A.	<u>44.8</u>

a. 54/

Page Denied

Next 4 Page(s) In Document Denied