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RESEARCH AID

SOVIET NATIONAL ACCOUNTS FOR 1950



CIA/RR RA 59-2

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FOREWORD

This research aid is the second in a series of four publications undertaken to determine the real rate of growth in the output of goods and services in the USSR between the years 1950 and 1955. The 1955 national accounts, RR 133, Soviet National Accounts for 1955, 28 May 1958, SECRET, was the first; the third publication will present the basis for computing the real rate of growth between 1950-55 (in 1955 rubles) by determining the appropriate price deflators; and the fourth publication will present the deflated gross national product for 1950 and 1955.

This research aid has been coordinated within ORR but not with other agencies of the US Intelligence Board.

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SOVIET NATIONAL ACCOUNTS FOR 1950\*

Summary

In 1950 the gross national product (GNP), or total output of goods and services, of the USSR amounted to 1,082 billion rubles in established prices. When GNP is adjusted from an established price basis to a factor-cost basis, in order to eliminate the effect of the unproportionate distribution of indirect taxes and subsidies, an adjusted factor-cost GNP of 713 billion rubles in obtained. Of this total, 59 percent was devoted to consumption, 25 percent to investment, 13 percent to defense, and 3 percent to government administration.

National income, or the sum of all labor and enterprise incomes, was 684 billion rubles at adjusted factor cost in 1950. About 32 percent of this total originated in industry and construction; 28 percent in agriculture; 4 percent in transport and communications; and the remaining 36 percent in trade, government services, and other services.

Converted on the basis of appropriate ruble-dollar ratios, Soviet GNP in 1950 at established prices was equivalent to 1950 US \$87 billion.\*\*

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\* The estimates and conclusions in this research aid represent the best judgment of this Office as of 1 January 1959. The figures for military spending in 1950 are highly tentative and are presented as a first approximation.

\*\* Unless otherwise indicated, dollar values in this research aid are in terms of 1950 US dollars.

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I. Introduction.

There is no single measure adequate to assess the economic capability of a nation, as the quantity desired depends on the purpose for which it is needed -- for example, to estimate military strength, consumer welfare, or growth. The closest approach to a general appraisal of the over-all productive capacity of an economy is an estimate of the net value of total goods and services produced during a specified period, usually 1 year. This measure of total output is called gross national product (GNP). Estimation of GNP is accomplished through the construction of national accounts for the economy. In addition to measuring total size, however, national accounts can be organized to show other aspects of the economy, such as the end use of its output, the industrial origin of its national income, and intersectoral relationships.

The system of national accounts used in this report is intended to show these and other facets of the Soviet economy as well as to derive total GNP. It is a modification of the accounting system recommended by the Organization for European Economic Cooperation (OEEC) and the UN. This system involves a twofold classification of economic transactions, both monetary and nonmonetary. Each transaction is classified by transactor and by type of economic activity.

Four groups of transactors are distinguished and designated as "sectors": households, nonagricultural enterprises, agricultural enterprises, and the government. The Household Sector comprises all individuals. The Nonagricultural Enterprise Sector includes all enterprises and organizations outside of agriculture which produce goods and services for sale. The Agricultural Enterprise Sector includes all such enterprises and organizations in agriculture. The Government Sector comprises government agencies and organizations engaged in administration, education, health, defense, and police services, which are organized for, but not normally sold to, the community.

Three types of economic activity are distinguished and designated as "accounts": production, appropriation or consumption, and capital formation. The Production Account of each sector presents the revenue and expenses connected with its productive activity. On the credit side are its sales and other revenues. On the debit side are its purchases of goods and services outside the sector, indirect taxes, capital consumption allowances, and the factor income generated in the sector. The Appropriation Account shows on the credit side income received and on the debit side the disposition of this income. The Capital Account lists on the credit side the sources of funds for asset formation and on the debit side the types of asset formation accomplished.

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This classification of economic activity excludes transactions with foreign countries and thus dispenses with the need for a fourth, or external, account to record such transactions. In the virtual absence of a balance of payments for the USSR, it is not possible to construct an external account. Therefore, it is assumed for the purposes of this report that the USSR is a closed economy not trading outside its own boundaries. The effect of this assumption on total GNP and its end use and origin distributions is considered slight because only net foreign sales or purchases of goods and services are included in the calculation of GNP. Thus, whereas exports or imports may be important in individual Soviet industries, only the difference between total foreign sales and total foreign purchases affects GNP.

The accounting system used is of the double-entry type. Every transaction appears twice, once as a credit in an account of the selling sector and once as a debit in an account of the purchasing sector. The sources and methodology used to derive a given transaction are discussed only once, however, normally in the debit or credit entry of the sector which has the initiative in determining the size of that transaction. Thus, for example, Household Sector purchases of goods and services from the Nonagricultural Enterprise Sector are discussed fully in the Household Sector, whereas in the Nonagricultural Enterprise Sector this transaction is merely recorded and reference is made to the discussion of the Household Sector entry.

The double-entry feature provides a check on the accuracy of individual estimates and on the consistency of the intersectoral relationships obtained. Wherever possible, debits and credits were estimated independently. In these cases, statistical discrepancies proved reassuringly small. Where data limitations did not permit independent estimation of debits and credits, it was necessary to derive the total debits of an account from its total credits, or vice versa. In these instances the dependence of one side of the account on the other explains the absence of a statistical discrepancy.

The precision implied by the present set of accounts and the detail in which the data are presented fail to disclose the ranges of uncertainty which surround particular estimates within the accounts. The accounting frame of reference used differs from that employed by the USSR in preparing the data upon which the report rests. For this reason, it has been necessary in many instances to adjust the official data available to fit this different accounting frame of reference. Furthermore, on occasion it has been necessary to derive particular estimates as residuals from larger reported totals. Both of these operations have been severely hampered by the lack of detailed data and knowledge of what is included in the reported totals. As a result, although the detailed data presented in the accounts adequately reflect relative

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orders of magnitude, the individual entries should be viewed as having varying degrees of uncertainty attached to them.

All figures in this research aid are in current (1950) rubles. Neither the official Soviet exchange rate of 4 rubles per US \$1 for merchandise transactions nor the official Soviet exchange rate of 10 rubles per US \$1 for tourist and other "invisible" transactions is appropriate for converting national accounts entries from rubles to dollars. Moreover, ruble-dollar ratios cannot be calculated for most of the entries, because these entries refer to money flows, such as profits, taxes, and savings, which by their very nature do not have unit prices that can be compared to construct ruble-dollar ratios. Ruble-dollar ratios are available, however, to convert into dollars Soviet GNP as a whole -- that is, total final sales of goods and services. In section III, Soviet GNP at established prices has been converted to dollars in order to permit comparison with the GNP of other countries.

This research aid consists of 3 principal sections and 4 appendixes which supplement the basic text. In section II the national accounts of the USSR in 1950 are presented in terms of the 4 sectors and 3 accounts described above. In section III the distribution of GNP by end use is calculated first at established prices; then, in order to eliminate the effect of the unproportionate incidence of indirect taxes and subsidies, the end-use distribution is adjusted to a factor-cost basis. In section IV the distribution of national income by sector of origin is calculated both at established prices and at adjusted factor cost. In Appendix A, Soviet budget revenues and expenditures are classified according to national accounts entries. In Appendix B the derivation of various entries in the accounts of the Agricultural Enterprise Sector is explained. In Appendix C the derivation of various entries in the capital account of each sector is explained.

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II. Basic National Accounts.

A. Household Sector.

The Household Sector includes all individuals normally resident in the USSR. Its accounts show their income from labor services and transfer payments and the use of this income for consumption and asset formation.

1. Production Account.

The Household Production Account records only the services produced and sold by domestic servants, who, according to national accounting practice, are considered members of the Household Sector in their working capacity as well as in their capacity as consumers. The production activities of artisans, professional people, and owners of property are recorded in the Nonagricultural Enterprise Sector. The Household Production Account is not included in this research aid, because the wages of domestic servants and the sale of domestic services cannot be reliably estimated from available data.

2. Appropriation Account.

Account 1\* records on the debit side the disposition of household income through the purchase of goods and services, taxes, dues, and other payments to public organizations (such as trade unions), and saving. On the credit side it lists the sources of income. The various types of income-in-kind are listed both as debits and as credits.

a. Purchase of Goods and Services from Own Sector.

This entry, which represents the purchase of domestic services from the Household Production Account, cannot be estimated.

b. Purchase of Goods and Services from Other Sectors.

(1) Nonagricultural Enterprise Sector.

(a) State and Cooperative Retail Purchases of Goods.

Sales to households equals total state and cooperative retail sales less institutional purchases, household

\* Account 1 follows on p. 8.

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## Account 1

Soviet National Accounts, 1950: Appropriation Account  
of the Household Sector

Billion Rubles

Debit		Credit	
Purchase of goods and services from own sector	N.A.	Income from own sector	N.A.
		Income from other sectors	679.3
Purchase of goods and services from other sectors	672.4	Urban cash incomes	349.2
Nonagricultural Enterprise Sector	386.1	Nonagricultural Enterprise Sector	249.4
State and cooperative retail purchases of goods	325.2	Worker and employee wages	220.0
Services	34.5	Cooperative artisan wages	11.6
Rent of state housing	3.3	Profits distributed to cooperative members	0.8
Imputed rent	8.8	Other urban labor incomes	17.0
Forced labor subsistence	14.3	Agricultural Enterprise Sector	4.4
Agricultural Enterprise Sector	255.3	Government Sector	95.4
Collective farm market purchases	48.0	Government civilian employee wages	68.8
Farm household income-in-kind	205.5	Military pay	26.6
Other purchases	1.8	Rural cash incomes	66.7
Government Sector	31.0	Wages in state agriculture	14.5
Taxes	43.4	Cash labor-day payments to collective farmers	9.9
Dues and other payments to public organizations	6.4	Income of farm households from sale of farm products	41.5
Insurance premiums	0.5	Other	0.8

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## Account 1

Soviet National Accounts, 1950: Appropriation Account  
of the Household Sector  
(Continued)

		Billion Rubles	
Debit		Credit	
Saving	35.7	Incomes-in-kind	263.4
Statistical discrepancy	-35.7		
		Military sub- sistence	31.0
		Farm household income-in-kind	205.5
		Imputed rent	8.8
		Investment-in-kind	3.8
		Forced labor sub- sistence	14.3
		Transfer receipts	43.4
		Pensions	35.5
		Stipends	4.0
		Interest	2.8
		Other	1.1
Total	<u>722.7</u>	Total	<u>722.7</u>

purchases for nonconsumption purposes, and household purchases of minor services. Total state and cooperative retail trade in 1950 came to 359.6 billion rubles. 1/\*

Institutional purchases in 1950 were derived as follows: two 1955 sources indicate that in "recent years" 7 to 8 percent of state and cooperative trade was attributable to institutions. 2/ For lack of other data, it is assumed that 7.5 percent of sales by state and cooperative stores in 1950 were made to institutions -- that is, 27.0 billion rubles.

Household purchases through state and cooperative retail trade for nonconsumption purposes include (1) purchases of building materials for private house building and (2) purchases of producer goods

\* For serially numbered source references, see Appendix D.

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for farm household production. Purchases of building materials are estimated at 2.4 billion rubles, the difference between 6.2 billion rubles, total investment in private housing, and 3.8 billion rubles, the portion of that investment represented by labor investment-in-kind (see 3, a, (2), p. 17, below). Purchases of producer goods for farm household production are estimated at 1.2 billion rubles (see C, 1, a, (4), p. 34, below). Total household purchases for nonconsumption purchases are thus 3.6 billion rubles.

A question arises as to household purchases of minor services such as repair of clothing, shoes, and other household articles. Source 3/, published in 1951, indicates that such services were included in the series of trade turnover data. The same author 4/ earlier indicated that such services were not included up to 1947. Thus, at some date between 1947 and 1951, these services were first included in the retail sales data. Evidence that they were included in the 1950 turnover comes from another source 5/ that gives such services for 1950 (3.8 billion rubles) and for 1956 (6.0 billion rubles). Because such a series was constructed for this apparent purpose, it is here assumed that such sales were included in retail sales published in official sources for the year 1950.

Household purchase of goods for consumption therefore amounted to 325.2 billion rubles, the difference between total retail trade purchases of 359.6 billion rubles and the sum of (1) institutional purchases of 27.0 billion rubles, (2) household purchases for nonconsumption purposes of 3.6 billion rubles, and (3) household purchases of services in retail trade of 3.8 billion rubles.

(b) Services.

Household purchases of services have been estimated at 34.5 billion rubles as the result of constructing estimates for individual components. 6/ Expenditures in 1950 by households on education were estimated at 3.5 billion rubles; on health, 1.3 billion rubles; on household operations including telecommunications and utilities, 8.5 billion rubles; on transportation, 8.7 billion rubles; on entertainment, 6.6 billion rubles; on personal services such as baths, laundries, hairdressing, and hotels, 2.1 billion rubles; and on minor services included in retail trade sales (tailoring, watch repair, and the like), 3.8 billion rubles.

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(c) Rent of State Housing.

Money rent payments in 1950 are estimated at 3.3 billion rubles. This computation is the result of applying the official maximum rental rate of 1.32 rubles per month per square meter of dwelling space 7/ to the total average state-owned dwelling space in 1950 in urban areas of 206 million square meters. The average living or dwelling space for the year is the stock available on 1 January 1950 (201 million square meters) plus one-half of the addition to the stock of state-owned urban housing of 10 million square meters. 8/

(d) Imputed Rent.

Imputed rent of 8.8 billion rubles is the sum of imputed rent for urban private housing of 1.9 billion rubles and rural private housing of 6.9 billion rubles. Imputed rent on owner-occupied housing was calculated by multiplying privately owned dwelling space, all of which was assumed to be owner-occupied, by the appropriate rental charge. Dwelling space in urban private housing in 1950 is estimated at 119 million square meters, or the stock available on 1 January 1950 of 117 million square meters plus one-half of net addition to the stock of private urban housing of 4 million square meters for the year. 9/ The imputed rent per square meter is the average rent of 1.32 rubles per square meter per month, or 15.8 rubles per year, that is used above in computing money rent for urban state-owned housing.

In order to compute the imputed rent for rural housing, the average stock of housing for the year of 878 million square meters was derived by adding to the stock on 1 January 1950 of 875 million square meters one-half of the net addition of 6 million square meters for the year. 10/ The imputed rent per square meter of rural housing is assumed to be one-half of the urban rate of 1.32 rubles per square meter per month, or 0.66 rubles per square meter per month.

(e) Forced Labor Subsistence.

(See B, 2, a, (7), p. 25, below.)

(2) Agricultural Enterprise System.

(a) Collective Farm Market Purchases.

Total collective farm market trade turnover in 1950 was 49.2 billion rubles. 11/ Part of this total consists of

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institutional sales which must be deducted to obtain the figure for household purchases on the collective farm market.

It was estimated (see (1), (a), p. 7, above) that institutional sales represented 7.5 percent of state and cooperative retail trade in 1950. This percentage appears to be too high for collective farm markets for two reasons. (1) Institutions, such as collective farms, are the major buyers in state retail trade for nonfood categories, such as building materials. In other non-food commodities, such as furniture, institutions probably purchase a larger proportion than the 7.5 percent for all consumer goods. (2) Food purchases by institutions will be made from the state and cooperative retail outlets, wherever feasible, because of lower prices. Priority is probably given to such institutions whenever the local state store supply is not adequate to meet effective demand.

Therefore, it is felt that a considerably lower proportion of collective farm market sales is made to institutions than would be the case in state and cooperative retail trade. It is assumed that this proportion comes to 2.5 percent in the collective farm market trade.

Of the total sales of 49.2 billion rubles in the collective farm market, 1.2 billion rubles are therefore assumed to have been made to institutions, leaving 48.0 billion rubles of sales to households.

(b) Farm Household Income-in-Kind.

(See C, 1, f, (1), (c), p. 35, below.)

(c) Other Purchases.

(See C, 1, f, (1), (b), p. 35, below.)

(3) Government Sector.

The 31.0 billion rubles of household purchases from the Government Sector consist of military subsistence (see D, 1, c, (3), p. 52, below).

c. Taxes.

Household tax payments are estimated at 43.4 billion rubles (see D, 2, g, (1), p. 58, below).

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d. Dues and Other Payments to Public Organizations.

This entry represents payments by households to "public organizations," such as trade unions and the Communist Party, all of which are classified in the Government Sector. The total of 6.4 billion rubles consists of 2.6 billion rubles of dues and other payments to trade unions, 2.8 billion rubles for Communist Party dues and other payments, and other dues and payments of 1.0 billion rubles.

Dues payments to trade union organizations in 1950 totaled 1.9 billion rubles, or 222.7 percent of the 1946 level. 12/ Dues in 1946 were planned at 845 million rubles, for planned expenditures on aid to needy trade union members were stated to be 200.2 million rubles, or 23.7 percent of membership dues. 13/ To derive the nondues payments to trade unions by households, it is necessary to subtract from total revenues the receipts to trade unions from social insurance funds. Total trade union revenues in 1950, assumed equal to expenditures, is estimated at 3.3 billion rubles (see D, 1, a, (1), (d), p. 50, below). Trade union receipts from social insurance funds were 0.7 billion rubles (see D, 2, b, (1), p. 53, below). Therefore, other fees and payments by the population were 0.7 billion rubles, the difference between total revenue of 3.3 billion rubles and dues of 1.9 billion rubles plus social insurance transfer funds of 0.7 billion rubles. Thus total dues and payments to trade unions came to 2.6 billion rubles -- 1.9 billion rubles as dues and 0.7 billion rubles as other fees and payments.

Communist Party dues payments were estimated at 2.4 billion rubles on the basis of information on total membership and average dues rates. Total Communist Party membership is assumed to have been 6.6 million in 1950, an estimate between actual membership of 6.3 million in December 1947 14/ and 6.9 million in October 1952. 15/ Dues payments are levied according to a sliding scale ranging from 20 kopeks per month for incomes of less than 100 rubles to 3 percent for incomes of more than 500 rubles per month. 16/ If it is assumed that the average wage of the Communist Party member is more than twice the average wage of 7,760 rubles per year, or about 18,000 rubles, and if the average dues payment comes to 2 percent, then the average yearly dues payment is 360 rubles. Multiplied by the estimated number of members in 1950, a total dues income of 2.4 million rubles is indicated.

Nondues payments to the Communist Party, as in the case of trade unions, are taken to be the difference between total revenue and the dues portion of revenue. Total revenue of 2.8 billion rubles (see D, 1, a, (1), (d), p. 50, below) minus dues of 2.4 billion rubles leaves 0.4 billion rubles as nondues payments from the population.

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Dues and other payments to miscellaneous organizations, such as Komsomol and Spartak, are assumed equal to estimated expenditures of 1.0 billion rubles (see D, 1, a, (1), (d), p. 50, below).

e. Insurance Premiums.

(See D, 2, g, (5), p. 59, below.)

f. Saving.

(See 3, d, p. 19, below.)

g. Statistical Discrepancy.

This item of 35.7 billion rubles is the difference between total debit items of 722.7 billion rubles and total credit items of 687.0 billion rubles.

h. Income from Own Sector.

This entry, which represents the wages of domestic servants, cannot be estimated.

i. Income from Other Sectors.

(1) Urban Cash Incomes.

(a) Nonagricultural Enterprise Sector.

i. Worker and Employee Wages.

(See B, 2, a, (1), p. 22, below.)

ii. Cooperative Artisan Wages.

(See B, 2, a, (2), p. 24, below.)

iii. Profits Distributed to Cooperative Members.

(See B, 2, a, (3), p. 24, below.)

iv. Other Urban Labor Incomes.

(See B, 2, a, (4), p. 25, below.)



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(b) Agricultural Enterprise Sector.

Urban household cash income from the Agricultural Enterprise Sector was 4.4 billion rubles, the amount received for the sale of farm products (see C, 2, a, (4), (b), p. 42, below).

(c) Government Sector.

i. Government Civilian Employee Wages.

(See D, 1, a, (1), p. 50, below.)

ii. Military Pay.

(See D, 1, a, (2), p. 51, below.)

(2) Rural Cash Incomes.

(a) Wages in State Agriculture.

(See C, 2, a, (1), p. 38, below.)

(b) Cash Labor-Day Payments to Collective Farmers.

(See C, 2, a, (2), (a), p. 41, below.)

(c) Income of Farm Households from Sale of Farm Products.

(See C, 2, a, (4), (a), p. 42, below.)

(d) Other.

Other income consists of collective farm administrative wages and wages of hired labor. (See C, 2, a, (2), (b) and (c), pp. 41 and 42, respectively, below.)

(3) Incomes-in-Kind.

(a) Military Subsistence.

(See D, 1, c, (3), p. 52, below.)

(b) Farm Household Income-in-Kind.

(See C, 1, f, (1), (c), p. 35, below.)

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(c) Imputed Rent.

(See b, (1), (d), p. 11, above.)

(d) Investment-in-Kind.

(See 3, a, (2), p. 17, below.)

(e) Forced Labor Subsistence.

(See B, 2, a, (7), p. 25, below.)

j. Transfer Receipts.

(1) Pensions.

(See D, 2, b, (1), p. 53, below.)

(2) Stipends.

(See D, 2, b, (2), p. 55, below.)

(3) Interest.

(See D, 2, b, (3), p. 55, below.)

(4) Other.

This item is the sum of cash payments to collective farmers from collective farm social-cultural funds, 0.6 billion rubles (see C, 2, a, (3), p. 42, below), and insurance indemnity payments to the population of 0.5 billion rubles (see D, 2, b, (4), p. 56, below.)

3. Capital Account.

Account 2\* lists as debits the various kinds of household asset formation and as credits the sources of funds for this asset formation.

a. Gross Capital Formation.

(1) Capital Repairs.

This entry cannot be reliably estimated from available data. In any case, the amount is considered to be negligible.

\* Account 2 follows on p. 17.

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## Account 2

Soviet National Accounts, 1950: Capital Account  
of the Household Sector

Billion Rubles			
Debit		Credit	
Gross capital formation	6.2	Saving	35.7
Capital repairs	N.A.	Net borrowing from	
New fixed investment	6.2	Government Sector	1.0
Capital transfers to Government Sector	28.7		
Net purchase of govern- ment bonds	25.6		
Additions to savings deposits	3.1		
Additions to cash balances	1.8		
Total	<u>36.7</u>	Total	<u>36.7</u>

(2) New Fixed Investment.

New fixed investment of 6.2 billion rubles represents the value of private urban and rural housing constructed in 1950. The former is estimated at 2.2 billion rubles and the latter at 4.0 billion rubles. <sup>17/</sup> (Also see Appendix C, section 1.)

It is estimated that investment-in-kind, in the form of the labor furnished by individuals building their houses, represents one-half of the value of urban private housing construction and two-thirds of the value of rural private housing construction. Total investment-in-kind in private housing is thus estimated at 1.1 billion plus 2.7 billion, or 3.8 billion, rubles.

b. Capital Transfers to the Government Sector.(1) Net Purchase of Government Bonds.

(See D, 3, f, (1), p. 64, below.)

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(2) Additions to Savings Deposits.

(See D, 3, f, (2), p. 65, below.)

c. Additions to Cash Balances.

This estimate is based on wage bill rates and the 1940 relationship of wage bill to currency in hands of households. First, it is assumed that all of the increase during 1950 in currency outside the banking system occurred in the holdings of households -- that is, that there was no change in the currency holdings of enterprises. Second, it is assumed that total currency in circulation bore the same relation to the worker and employee wage bill in 1955 that it did in 1940.

The average amount of currency in circulation in 1940 was approximately 15.3 billion rubles, and the wage bill for workers and employees was estimated at 126.4 billion rubles. 18/ Currency in circulation thus amounted to 12.1 percent of the wage bill in 1940.

In order to apply this percentage, the annual wage bill at the rate of 1 January 1950 and 1 January 1951 must be estimated. Currency in circulation on those two dates may then be computed and the increase determined.

The annual worker and employee wage bill at the 1 January 1950 rate is assumed to be the mean of the wage bills for 1949 and 1950. The 1949 wage bill is estimated at 286.3 billion rubles, the product of the average number of workers and employees of 36.9 million times the estimated annual average wage of 7,760 rubles. The average number of workers is derived as follows: the average number of workers and employees in 1950 was 38.9 million. 19/ The 1950 plan fulfillment report 20/ indicated that the end-of-year number of workers and employees (1950) was 2 million above the end of 1949. It is assumed that the average number of workers and employees for 1950 is also 2 million above 1949 and that therefore the estimated average number of workers and employees for 1949 would be 36.9 million (38.9 million minus 2 million). The estimated average wage of 7,760 rubles for 1950 21/ was assumed to be the same for 1949. The total wage bill for 1950 comes to 301.9 billion rubles, the product of 38.9 million workers and employees and an average annual wage of 7,760 rubles.

The mean for the 1949 and 1950 wage bills, 294.1 billion rubles, is assumed to represent the wage bill at the

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1 January 1950 rate. Currency in circulation on 1 January 1950 is estimated at 12.1 percent of this amount, or 35.6 billion rubles.

The wage bill rate of 1 January 1951 is the mean of the 1950 and 1951 wage bills. The 1950 wage bill of 301.9 billion rubles was given above. The 1951 wage bill is the product of the annual average number of workers and employees of 40.7 million 22/ and the annual average wage of 7,760 rubles, or 315.8 billion rubles. The annual average wage for 1950 (see above) was assumed to be the average for 1951. The 1 January 1951 rate is the mean of the 1950 and 1951 wage bills, or 308.9 billion rubles. Currency in circulation on 1 January 1951 is thus estimated at 12.1 percent of this 1 January 1951 rate, or 37.4 billion rubles.

The increase in 1950 in currency in circulation, all of which is assumed to represent an increase in currency holdings of the population, is therefore estimated to be 1.8 billion rubles, the difference between currency in circulation on 1 January 1950, 35.6 billion rubles, and on 1 January 1951, 37.4 billion rubles.

d. Saving.

Saving is derived as a residual -- that is, the difference between total credits, which are equal to total debits, and the one known credit item, net borrowing from the Government Sector.

e. Net Borrowing from the Government Sector.

(See D, 3, b, p. 62, below.)

B. Nonagricultural Enterprise Sector.

This sector comprises all state enterprises outside agriculture, producer and consumer cooperatives, and independent artisans and professional men. It also includes certain imputed activities, such as the self-rental or owner-occupied dwellings and the labor furnished by individuals building their own houses.

1. Production Account.

Account 3\* records as debits the production expenses of the sector and as credits its revenue from sales and its subsidies.

a. Purchases from Other Sectors.

(See C, 1, f, (2), p. 36, below.)

\* Account 3 follows on p. 20.

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Account 3

Soviet National Accounts, 1950: Production Account  
of the Nonagricultural Enterprise Sector

Billion Rubles

Debit		Credit	
Purchases from Other Sectors (Agricultural Enterprise Sector)	32.1	Sales to Other Accounts	704.3
Indirect taxes	255.4	Household Sector	392.3
Turnover taxes	236.1	Appropriation account	386.1
Other enterprise taxes and payments	19.3	Capital account	6.2
Capital consumption allowances	27.6	Nonagricultural Enterprise capital account	139.5
Income originated	363.0	Agricultural Enterprise Sector	35.3
Statistical discrepancy	43.1	Production account	16.2
		Capital account	19.1
		Government Sector	137.2
		Production account	121.8
		Capital account	15.4
		Subsidy receipts	16.9
Total	<u>721.2</u>	Total	<u>721.2</u>

b. Indirect Taxes.

(1) Turnover Taxes.

(See D, 2, g, (2), (c), p. 59, below.)

(2) Other Enterprise Taxes and Payments.

Other enterprise taxes and payments are estimated at 19.3 billion rubles, the difference between the total of other enterprise taxes and payments and the sum of (a) those taxes and payments borne by the Agricultural Enterprise Sector and (b) payments to

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the banking system from the Nonagricultural Enterprise Appropriation Account.

	<u>Billion Rubles</u>
Other enterprise taxes and payments (see D, 2, g, (2), (d), p. 59, below)	22.0
Less: Indirect taxes of Agricultural Enterprise Sector (see C, 1, b, p. 34, below)	2.1
Payments to banking system by cooperatives (see 2, b, (3), p. 27, below)	0.6
Equals: Other enterprise taxes and pay- ments from the Nonagricultural Enterprise Production Account	<u>19.3</u>

c. Capital Consumption Allowances.

It is estimated that capital consumption allowances for the nonagricultural sector came to 27.6 billion rubles (see Appendix C, section 3).

d. Income Originated.

(See 2, d, p. 27, below.)

e. Statistical Discrepancy.

This item represents the excess of all credits, 721.2 billion rubles, over the sum of all debits, 678.1 billion rubles.

f. Sales to Other Accounts.

(1) Household Sector.

(a) Appropriation Account.

(See A, 2, b, (1), p. 7, above.)

(b) Capital Account.

(See A, 3, a, (2), p. 17, above.)

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(2) Nonagricultural Enterprise Capital Account.

(See 3, a, p. 28, below.)

(3) Agricultural Enterprise Sector.

(a) Production Account.

(See C, 1, a, p. 32, below.)

(b) Capital Account.

This item of 19.1 billion rubles is the difference between total gross capital formation in agriculture, 28.3 billion rubles (see C, 3, a, p. 46, below) and that part represented by purchases from the Agricultural Enterprise Production Account 9.2 billion rubles (see C, 1, f, (3), p. 37, below).

(4) Government Sector.

(a) Production Account.

(See D, 1, c, p. 51, below.)

(b) Capital Account.

(See D, 3, c, p. 63, below.)

g. Subsidy Receipts.

Total of transfers to Nonagricultural Enterprise Sector of 16.9 billion rubles (see D, 2, c, p. 56, below).

2. Appropriation Account.

Account 4\* shows the distribution of the income originated in the Nonagricultural Enterprise Sector.

a. Payments to the Household Sector.

(1) Worker and Employee Wages.

Wages of workers and employees of the Nonagricultural Enterprise Sector are equal to the total worker and employee wage bill, 301.9 billion rubles, less wages of workers and employees in other sectors, 81.9 billion rubles, or 220.0 billion rubles. The

\* Account 4 follows on p. 23.

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total worker and employee wage bill of 301.9 billion rubles was obtained by multiplying the average number of workers and employees for 1950, 38.9 million, 23/ by the estimated average annual wage of 7,760 rubles. 24/

Account 4

Soviet National Accounts, 1950: Appropriation Account  
of the Nonagricultural Enterprise Sector

		Billion Rubles	
Debit		Credit	
Payments to Household Sector	276.3	Income originated	363.0
Worker and employee wages	220.0		
Cooperative artisan wages	11.6		
Profits distributed to cooperative members	0.8		
Other urban labor incomes	17.0		
Imputed rent	8.8		
Investment-in-kind	3.8		
Forced labor subsistence	14.3		
Payments to Government Sector	57.0		
Direct taxes	40.4		
Profits taxes of state enterprises	38.3		
Income taxes of cooperatives	2.1		
Social insurance	16.2		
Payments to banking system by cooperatives	0.6		
Saving	29.5		
State enterprises	27.2		
Cooperatives	2.3		
Total	<u>363.0</u>	Total	<u>363.0</u>

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Worker and employee wages outside the Nonagricultural Enterprise Sector are 81.9 billion rubles, the sum of those in the Agricultural Enterprise Sector, 14.5 billion rubles, and those in the Government Sector, 67.4 billion rubles.

The Agricultural Enterprise Sector wage figure consists of wages of state sector agricultural workers and employees (see C, 2, a, (1), p. 38, below). The government sector wage bill is equal to the government civilian wage bill of 68.8 billion rubles (see D, 1, a, (1), p. 50, below) minus wages paid to employees of the Communist Party (1.4 billion rubles), which, according to a Soviet source, are not included in the "worker and employee" figures. 25/

(2) Cooperative Artisan Wages.

It is assumed that the wage level is the same as the average wage for workers and employees, 7,760 rubles per year. This wage times the number of cooperative artisans at the end of year, 1.5 million, gives a total wage bill of 11.6 billion rubles. The number of cooperative artisans was derived from a Soviet source 26/ which stated that the number of artisans at the end of 1954, 1,961,000, was 31 percent above the number at the end of 1950.

(3) Profits Distributed to Cooperative Members.

This entry is the sum of estimated profit distribution to members of producer cooperatives, 0.5 billion rubles, and to members of consumer cooperatives, 0.3 billion rubles.

In 1950, total profits of producer cooperatives came to 3.9 billion rubles. 27/ To derive net profits, it is necessary to deduct income tax payments by producer cooperatives. In 1950 these taxes amounted to 1.6 billion rubles (see D, 2, g, (2), (b), p. 58, below) Net profits are distributed among several purposes according to fixed percentages. 28/ On the basis of these percentages the distribution of total profits is estimated as follows:

	<u>Billion Rubles</u>
Total profits	3.9
Less: Income taxes	1.6
Equals: Net profits	2.3
Distributed to members (20 percent)	0.5
Paid to Trade Bank for long-term credit fund (20 percent)	0.5
Reinvestment (50 percent)	1.1
Other, including health and old age measures and social facilities (10 percent)	0.2

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For consumer cooperatives, total profits in 1950 came to 1.9 billion rubles. 29/ Consumer cooperatives pay an income tax equal to 25 percent of profits (see D, 2, g, (2), (b), p. 58, below). Net profits are therefore equal to gross profits of 1.9 billion rubles less the income tax of 0.5 billion rubles, or 1.4 billion rubles. Consumer cooperative net profits are distributed according to a fixed schedule, 30/ which gives the following results:

	<u>Billion Rubles</u>
Total profits	1.9
Less: Income taxes	0.5
Equals: Net profits	1.4
Distributed to members (20 percent)	0.3
Paid to State Bank for credit fund (10 percent)	0.1
Reinvestment (50 percent)	0.7
Other (20 percent)	0.3

(4) Other Urban Labor Incomes.

This category includes payments from special funds, such as the director's fund and funds for stimulating "socialist competition"; incomes of individual artisans, such as barbers and photographers; and incomes of persons, such as doctors and plumbers, who furnish their services in a "private" capacity in addition to working as state employees.

An official British study of Soviet national income and product estimates the level of these incomes at 17 billion rubles for 1948 and 16.5 billion rubles for 1951. 31/ An estimate of 17 billion rubles for 1950 is accepted here.

(5) Imputed Rent.

(See A, 2, b, (1), (d), p. 11, above.)

(6) Investment-in-Kind.

(See A, 3, a, (2), p. 17, above.)

(7) Forced Labor Subsistence.

The subsistence cost for forced laborers is estimated at 14.3 billion rubles. A study of forced labor subsistence for

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1955 has revealed a consistent deduction of 260 rubles a month from the monthly credit of the average wage of 400 rubles. 32/ The same study revealed that the size of the over-all basket of goods and services that go into the subsistence of these workers (size of food rations, clothing, and the like) increased approximately one-third over the period 1950-55. Therefore, assuming that the relative composition of the components of the basket of goods and services did not change during 1950-55, the 1950 subsistence can be estimated to have been two-thirds of the 1955 allowance, or 173 rubles, in terms of 1955 prices.

To convert the subsistence credit of 173 rubles in 1955 prices to 1950 rubles, a price index for foodstuffs sold at the state retail level is used. (The pricing of forced labor subsistence is done at retail prices.) The official price index for 1950 is 144 if 1955 is used as the base. Although it is true that the weights used in constructing this index are significantly different from those that would be used in pricing the commodities of the forced laborers' consumption, the relative price changes for individual commodities important in the diet of the forced laborer are generally in agreement with the over-all price change for state retail sales. Nonfood price changes are ignored on the ground that the food component of the subsistence credit is the major component. 33/

Applying the price index of 144 to the subsistence allowance at 1955 prices of 173 rubles a month, a subsistence of 249 rubles a month, or 2,988 rubles a year, is computed for 1950.

It has been estimated that the forced labor force in 1950 was 4.8 million. 34/ Therefore, the total subsistence bill can be estimated at 14.3 billion rubles.

b. Payments to the Government Sector.

(1) Direct Taxes.

(a) Profits Taxes of State Enterprises.

Profits taxes on all enterprises came to 38.3 billion rubles in 1950 (see D, 2, g, (2), (a), p. 58, below). From this amount should be subtracted the profits taxes paid by the Agricultural Enterprise Sector. In 1950 this tax was estimated to be zero (see C, 2, b, (1), (a), p. 43, below). Therefore, the 38.3 billion rubles profits tax can be assumed to be from the Non-agricultural Enterprise Sector.

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(b) Income Taxes of Cooperatives.

(See a, (3), p. 24, above.)

(2) Social Insurance.

Social insurance payments by the Nonagricultural Sector are 16.2 billion rubles, the difference between the total payments of 19.6 billion rubles (see D, 2, g, (3), p. 59, below) and the sum of (1) 2.8 billion rubles paid by the Government Sector (see D, 1, b, p. 51, below) and (2) 0.6 billion rubles paid by the Agriculture Sector (see C, 2, b, (2), p. 43, below).

(3) Payments to Banking System by Cooperatives.

This entry consists of transfers from profits of producer cooperatives of 0.5 billion rubles and from profits of consumer cooperatives of 0.1 billion rubles (see a, (3), p. 24, above).

c. Saving.

(1) State Enterprises.

Total profits of state enterprises in 1950 were 65.5 billion rubles. <sup>35/</sup> As state farm profits have been estimated elsewhere (see C, 2, b, (1), (a), p. 43, below) as zero for 1950, these total profits represent only those for the Nonagricultural Enterprise Sector.

Profits taxes have been given as 38.3 billion rubles (see b, (1), (a), p. 26, above). Thus the retained earnings are the difference between total profits of 65.5 billion rubles and the tax of 38.3 billion rubles, or retained earnings of 27.2 billion rubles.

(2) Cooperatives.

This entry is the sum of retained earnings of producer cooperatives, 1.3 billion rubles, and of consumer cooperatives, 1.0 billion rubles, or a total of 2.3 billion rubles (see a, (3), p. 24, above).

d. Income Originated.

Income originated, 363.0 billion rubles, is the sum of debit items in the Nonagricultural Enterprise Appropriation Account.

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3. Capital Account.

Account 5 shows the asset formation of the sector and the sources from which it is financed.

Account 5

Soviet National Accounts, 1950: Capital Account  
of the Nonagricultural Enterprise Sector

		Billion Rubles	
Debit		Credit	
Gross capital formation	139.5	Saving	29.5
Capital repairs	21.3	Capital consumption allowances	27.6
New fixed investment	102.4	Capital transfer from government sector	85.7
Additions to inventories	15.8	Net borrowing from government sector	8.9
Capital transfer to government sector	2.1		
Other	6.2		
Statistical discrepancy	3.9		
 Total	 <u>151.7</u>		 <u>151.7</u>

a. Gross Capital Formation.

(1) Capital Repairs.

The total of 21.3 billion rubles is made up of 18.3 billion rubles from amortization allowances; 2.5 billion rubles from retained profits; and 0.5 billion rubles from other sources (see Appendix C, section 2).

(2) New Fixed Investment.

The total of 102.4 billion rubles is the sum of budget-financed investment of state enterprises, 80.9 billion rubles; investment of state enterprises financed by amortization allowances, 9.3 billion rubles; investment of state enterprises financed by retained earnings, 10.0 billion rubles; and additional investment by cooperatives and by state enterprises, 2.2 billion rubles (see Appendix C, section 1).

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(3) Additions to Inventories.

Additions to inventories are estimated at 15.8 billion rubles, or 72 percent of total increase in working capital. Total increase in working capital consists of retained earnings devoted to expansion of working capital of 8.7 billion rubles, capital transfers from the Government Sector for expansion of working capital of 4.8 billion rubles, and the net increase in short-term borrowing from the State Bank of 8.5 billion rubles.

Capital transfers from the Government Sector for the expansion of working capital are estimated below (see D, 3, a, (1), p. 61, below). The part of short-term loans considered for the Nonagricultural Sector of 8.5 billion rubles (see D, 3, b, p. 62, below) is believed to be all for the expansion of working capital. The use of this method to finance "modernization" schemes was not introduced until 1953.

The working capital expansion from retained earnings is estimated as follows. The planned share of retained profits for all state enterprises is known for 1949 and 1954. In both years the planned expenditures for this purpose out of planned retained profits come to 32.0 percent, 36/ as shown in the following tabulation:

<u>Year</u>	<u>Retained Profits (Plan)</u>	<u>Expenditures on Working Capital</u>	<u>Percent</u>
1949	35.6	11.4	32.0
1954	33.6	10.8	32.0

Using this relationship for 1950 by applying the percentage to actual retained profits for the state enterprises of the Nonagricultural Sector gives an estimated expenditure of 8.7 billion rubles for working capital.

Additions to inventories are estimated at 72 percent of the total increase in working capital on the basis of the distribution of working capital by use on 1 January 1951. 37/ Although the distribution of working capital presented in the Soviet source includes state agricultural organizations (state farms and machine tractor stations -- MTS's), the weight in total working capital of this sector is small and the pattern of their distribution is not greatly different from the total sector pattern.

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b. Capital Transfers to the Government Sector.

(See D, 3, g, p. 65, below.)

c. Other.

An estimated 6.2 billion rubles, or the remaining 28 percent of the increase in working capital calculated above (see a, (3), p. 24, above), consisted of net receivables and deposits and cash.

d. Statistical Discrepancy.

This entry represents the difference between total debit items of 147.8 billion rubles and credit items of 151.7 billion rubles.

e. Saving.

(See 2, c, p. 27, above.)

f. Capital Consumption Allowances.

(See 1, c, p. 21, above.)

g. Capital Transfers from the Government Sector.

(See D, 3, a, (1), p. 61, below.)

h. Net Borrowing from the Government Sector.

(See D, 3, b, p. 62, below.)

C. Agricultural Enterprise Sector.

1. Production Account.

In Account 6,\* intrasectoral purchases and sales for current production purposes have been canceled out. Purchases include only purchases from other sectors, and sales include only sales to other sectors and sales of capital goods and services to the Agricultural Enterprise Capital Account.

\* Account 6 follows on p. 31.

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Account 6

Soviet National Accounts, 1950: Production Account  
of the Agricultural Enterprise Sector

Billion Rubles

Debit		Credit	
Purchases from other Sectors	16.2	Sales of other accounts	296.6
MIS's	5.3	Household Sector	255.3
State farms	1.8	Collective farm ex-village market trade	48.0
Collective farms	7.9	Other sales	1.8
Farm households	1.2	Farm household income-in-kind	205.5
Indirect taxes	2.1	Nonagricultural Enterprise Sector	32.1
Capital consumption allowances	1.4	State and cooperative acquisitions	30.9
Income originated	290.2	Sales to institutions	1.2
Statistical discrepancy	0.4	Agricultural enterprise capital account	9.2
		Investment-in-kind	2.3
		Sales to fixed investment	4.9
		Sales to capital repairs	2.0
		Additions to inventories	N.A.
		Subsidy receipts	13.7
		MIS's	5.5
		State farms	8.2
Total	<u>310.3</u>	Total	<u>310.3</u>

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a. Purchases from Other Sectors.

Purchases from the Nonagricultural Enterprise Sector by the four types of agricultural producers totaled 16.2 billion rubles. Generally speaking, this estimate, calculated from indirect data, is subject to a significant margin of error.

(1) MTS's.

MTS expenditures for all purchases except new fixed investment are estimated at 11.3 billion rubles for 1950, the sum of (a) expenditures of 10.7 billion rubles involved in plowing 318 million hectares 38/ at an operating cost of 33.75 rubles per hectare 39/ and (b) 0.6 billion rubles for operations which cannot be expressed in terms of standard plowing. The latter number, which is assumed to represent additions to inventories, was estimated on the basis of data for 1953 when budget allocations to MTS's amounted to 20.6 billion rubles, of which investment amounted to 5.7 billion rubles. 40/ The residual of 14.9 billion rubles represented operating outlays and differed from 14.1 billion rubles, total expenditures incurred in plowing 486 million hectares 41/ at a cost of 28.92 rubles per hectare, 42/ by about 5 percent. Thus for 1950 it was assumed that total expenditures for plowing of 10.7 billion rubles represented about 95 percent of total operating outlays by MTS's. Thus total outlays were estimated at about 11.3 billion rubles.

Of the total costs of 10.7 billion rubles incurred in standard plowing, 4.2 billion rubles were spent for fuel and lubricants; 3.2 billion rubles for both current and capital repair of tractors and agricultural machinery and for wage expenditures therein incurred; 3.0 billion rubles for wages of production workers and other MTS personnel; and 0.3 billion rubles for administrative-economic expenditures. 43/

Materials purchases are estimated at 5.3 billion rubles; the sum of expenditures for fuel and lubricants at 4.2 billion rubles; spare parts and repair materials for current repairs at 0.8 billion rubles, estimated at one-quarter of total expenditures for repairs on the assumption that (a) total repairs are 50 percent current repairs and 50 percent capital repairs and (b) that the value of spare parts and repair materials amounts to about 50 percent of total expenditures for MTS current repairs 44/; and administrative-economic expenditures at 0.3 billion rubles.

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(2) State Farms.

Total materials purchases by state farms are estimated in Appendix B, section 3, at 2.0 billion rubles. To derive purchases outside agriculture, it is necessary to deduct purchases within agriculture from the total. It is thought that the only important purchase by state farms within agriculture for current operations is the purchase of seed and fodder from other state farms. In the absence of data on the distribution of state farm materials purchases, this item has been estimated on the basis of the seed and fodder costs of collective farms, which amounted to 23.3 percent of collective farm production expenditures in 1954 and to 20.9 percent in 1955. <sup>45/</sup> State farm outlays for this purpose are estimated at 10 percent of state farm operational purchases, in recognition of two differences between collective farm and state farm production expenditures. First, a greater share of state farm purchases is associated with the operation of capital equipment, such as tractors and combines. Second, state farms, many of which are quality seed-breeding establishments, are generally more self-sufficient in meeting their seed requirements. Therefore, 10 percent was deducted from total materials purchases of 2.0 billion rubles to obtain purchases of 1.8 billion rubles outside the Agricultural Enterprise Sector.

(3) Collective Farms.

Purchases of 7.9 billion rubles by collective farms are the sum of production purchases, 7.8 billion rubles, and other purchases of 0.1 billion rubles.

In Appendix B, section 1, it is estimated that total money "production expenditures" of collective farms, consisting of materials purchases for current operations and additions to inventories, payments to hired nonconstruction labor, and money payments for services of MTS's amounted to 12.1 billion rubles. From this total must be deducted 4.3 billion rubles, representing (a) the sum of payments to MTS's for services rendered, 0.7 billion rubles (see f, (2), (a), p. 36, below); (b) wages for hired nonconstruction labor, 0.4 billion rubles (see Appendix B, section 1); (c) materials purchases within the Agricultural Enterprise Sector, 2.8 billion rubles; and (d) materials purchases for additions to inventories, 0.4 billion rubles. Materials purchases within the Agricultural Enterprise Sector are assumed to consist of seed and fodder purchases, which in 1954 represented 23.3 percent of total production expenditures and in 1955, 20.9 percent. <sup>46/</sup> It is assumed for 1950 that about 23 percent of the total production expenditures of 12.1 billion rubles, or 2.8 billion rubles, were spent for purchases of seed and fodder. It is further assumed that all of these seed and fodder

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purchases were from selected collective farms. Purchases for additions to inventories are estimated at a total of 0.7 billion rubles (see 3, a, (3), p. 47, below), of which 0.3 billion rubles were assumed to have been financed by bank credit (see 3, f, p. 48, below) outside the "production expenditures" outlay derived in Appendix B, section 1.

To production purchases of 7.8 billion rubles are added 0.1 billion rubles of the collective farms' "administrative-economic expenditures" of 0.5 billion rubles (see Appendix B, section 1) in order to allow for purchases of office supplies and services.

(4) Farm Households.

This entry is necessarily a very rough estimate and is based on two assumptions. First, Bergson's estimate that 10 percent of the income of farm households from the sale of farm products is absorbed by money expenses of production is accepted. <sup>47/</sup> Second, assuming negligible purchases for capital investment, it is believed that most of these expenses consist of purchases within agriculture and that a small share of them, nominally estimated at 25 percent, represents purchases from other sectors. Accordingly, it is assumed that 2.5 percent of gross farm household income from the sale of farm products estimated below (see discussion in 2, a, (4), p. 42, below) at 47.7 billion rubles, or 1.2 billion rubles, was spent for purchases from the Nonagricultural Enterprise Sector.

b. Indirect Taxes.

This entry is the sum of taxes paid by collective farms, 1.0 billion rubles; by state farms, 0.5 billion rubles; and by farm households, 0.6 billion rubles. It is assumed that tax payments by MTS's, as gross budgetary institutions, were negligible. The collective farm estimate is composed of collective farm market fees and other taxes (see Appendix B, sections 1 and 2). State farms, in the aggregate forming a smaller establishment than collective farms, are assumed to have made a smaller payment, estimated at 0.5 billion rubles. Collective farm market fees of farm households are roughly estimated at 0.3 billion rubles (see Appendix B, section 2), and it is assumed that cattle taxes and other fees amounted to the same sum, bringing total collections from farm households to 0.6 billion rubles.

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c. Capital Consumption Allowances.

In the Agricultural Enterprise Sector, only state farms charge amortization allowances as an expense against revenue. The estimate of 1.4 billion rubles is obtained by applying the state farm amortization rate of 7.2 percent <sup>48/</sup> to the value of state farm fixed assets at the beginning of 1950, 20 million rubles. <sup>49/</sup>

d. Income Originated.

(See 2, d, p. 44, below.)

e. Statistical Discrepancy.

This item represents the excess of the sum of all credits, 310.3 billion rubles, over the sum of all debits, 309.9 billion rubles.

f. Sales to Other Accounts.

(1) Household Sector.

(a) Collective Farm Ex-Village Market Trade.

(See A, 2, b, (2), (a), p. 11, above.)

(b) Other Sales.

This entry represents sales of services and nonagricultural products to the population by collective farms. In 1950, 3.5 billion rubles of collective farms' money income consisted of "other income." <sup>50/</sup> This category consists of revenue from the sale of services, such as milling of collective farmers' grain; of revenue from subsidiary enterprises which produce nonagricultural commodities such as building materials; and of revenue from the sale of firewood. It is arbitrarily assumed that half of this income consisted of sales of capital goods (such as bricks and timber) between collective farm and the other half of sales to the population.

(c) Farm Household Income-in-Kind.

(See Appendix B, section 4.)

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(2) Nonagricultural Enterprise Sector.

(a) State and Cooperative Acquisitions.

This entry consists of sales to state and cooperative procurement organizations by MTS's, 2.9 billion rubles; by state farms, 4.6 billion rubles; by collective farms, 21.3 billion rubles; by rural farm households, 1.6 billion rubles; and by urban farm households, 0.5 billion rubles.

In 1950, total MTS revenue, from money payments and in-kind payments by collective farms, was 3.6 billion rubles. 51/ Of the total revenue, money payments represented 17 percent for 1936; 21 percent for 1954; and 19 percent for 1955. For 1950 it is assumed that money payments from collective farms for services rendered by MTS's amounted to about 20 percent of total revenues of 3.6 billion rubles, or about 0.7 billion rubles. Because the money payments are intrasectoral payments, from one agricultural producer to another, for current production purposes, they are excluded from both sales (credits) and purchases (debits) in these accounts. Revenue of 2.9 billion rubles (3.6 less 0.7) from crop deliveries to procurement organizations, which are classified in the Nonagricultural Enterprise Sector, is, however, recorded as an intrasectoral transaction.

State farm sales outside agriculture are estimated at 4.6 billion rubles by deducting from estimated total sales, 5.6 billion rubles (see Appendix B, section 3), the estimated amount of sales within agriculture, 1.0 billion rubles. These sales within the Agricultural Enterprise Sector consist of sales of seed and fodder to other state farms, 0.2 billion rubles (see a, (2), p. 33, above), and sales of livestock to collective farms, 0.8 billion rubles. The estimate of livestock sales is based on the assumption that collective farms made about a quarter of their total estimated purchases of 3.2 billion rubles (see a, (3), p. 33, above) from state farms and three-quarters from collective farmers.

Collective farm sales to state and cooperative organizations in 1950 were reported as 21.3 billion rubles. 53/

Sales to state procurement organizations by rural farm households and by urban farm households are estimated in Appendix B, section 2, at 1.6 billion rubles and 0.5 billion rubles, respectively.

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(b) Sales to Institutions on Collective Farm Market.

(See A, 2, b, (2), (a), p. 11, above.)

(3) Agricultural Enterprise Capital Account.

(a) Investment-in-Kind.

This entry consists of collective farm labor used in construction, 0.7 billion rubles (see Appendix C, section 1), and net changes in livestock inventory for all categories of farms of 1.6 billion rubles (see 2, c, (3), p. 44, below).

(b) Sales to Fixed Investment.

This item consists of purchases of capital goods, such as livestock and building materials, by collective farms from within the Agricultural Enterprise Sector. Total collective farm livestock purchases in 1950 amounted to 3.2 billion rubles. <sup>54</sup>/ In addition, it is estimated that collective farms purchased 1.7 billion rubles of other capital goods from other collective farms (see (1), (b), p. 35, above).

(c) Sales to Capital Repairs.

This entry records the use of internal labor resources for capital repair projects. It is assumed that all materials used in agricultural capital repairs were purchased from the Nonagricultural Enterprise Sector but that all labor used for this purpose was furnished by the Agricultural Enterprise Sector itself. Because farm household outlays for capital repairs are considered negligible, this entry is the sum of the labor cost of capital repairs of MTS's, 1.0 billion rubles; of state farms, 0.7 billion rubles; and of collective farms, 0.3 billion rubles.

In the case of state agriculture, it is assumed that labor cost constituted 60 percent of total capital repairs. This share is applied to MTS capital repairs of 1.6 billion rubles (see 3, a, (1), (a), p. 46, below) to obtain an MTS labor cost of 1.0 billion rubles and to state farm capital repairs of 1.2 billion rubles (see 3, a, (1), (b), p. 46, below) to obtain a state farm labor cost of 0.7 billion rubles. The cost of collective farm labor devoted to capital repairs is roughly estimated at 0.3 billion rubles (see Appendix C, section 2).

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(d) Additions to Inventories.

This entry represents sales of agricultural products to agricultural producers for the purpose of building up their working inventories. It is believed that procurement organizations, in carrying out the government's policy of building up state reserves, left little excess production on the farms for these working inventories. Thus the size of this item is believed to be negligible.

g. Subsidy Receipts.

(1) MIS's.

MIS subsidies are defined here as appropriations from the budget for MIS operating expenditures (excluding appropriations for capital repairs and for additions to inventories) less revenues credited to the MIS's for money and in-kind payments received from collective farms. Total budgetary appropriations for MIS operating expenses amounted to 11.3 billion rubles (see a, (1), p. 32, above) of which it is estimated that 1.6 billion rubles were allocated for capital repairs and 0.6 billion rubles for additions to inventories (see 3, a, (3), p. 47, below). From the remaining 9.1 billion rubles are deducted MIS revenues of 3.6 billion rubles (see f, (2), (a), p. 36, above) to obtain a difference or subsidy of 5.5 billion rubles.

(2) State Farms.

The state farm subsidy is estimated at 8.2 billion rubles (see Appendix B, section 3).

2. Appropriation Account.

Account 7\* shows the distribution of income originated in the sector.

a. Payments to Household Sector.

(1) Wages in State Agriculture.

(a) MIS's.

Wages of MIS production workers and other MIS personnel amounted to 3 billion rubles in 1950 (see 1, a, (1), p. 32, above). In addition, wages of workers involved in current repair of

\* Account 7 follows on p. 39.

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Account 7

Soviet National Accounts, 1950: Appropriation Account  
of the Agricultural Enterprise Sector

Billion Rubles

Debit	Credit
Payments to Household Sector	277.2
Wages in state agriculture	14.5
MES's	4.6
State farms	9.9
Collective farm wage payments	10.7
Cash labor-day payments to collective farmers	9.9
Administrative wages	0.4
Wages of hired nonconstruction labor	0.4
Collective farm transfer payments	0.6
Farm household income from sale of farm products	45.9
Rural households	41.5
Urban households	4.4
Farm household income-in-kind	205.5
Payments to Government Sector	4.2
Direct taxes	2.6
Profits taxes of state farms	0
Income taxes of collective farms	2.6
Social insurance	0.6
	290.2
	1.0

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Account 7

Soviet National Accounts, 1950: Appropriation Account  
of the Agricultural Enterprise Sector  
(Continued)

		Billion Rubles	
Debit		Credit	
MIS's	0.2		
State farms	0.4		
Insurance premiums	1.0		
Saving	9.8		
State farms	0.3		
Collective farms	7.9		
Undistributed profits	7.2		
Investment-in-kind	0.7		
Net change in livestock inventory	1.6		
Total	<u>291.2</u>	Total	<u>291.2</u>

tractors and agricultural machinery are estimated to have amounted to at least half of the estimated current repair expenditures of 1.6 billion rubles (see l, a, (1), p. 32, above), and wages of capital repair workers are estimated at 60 percent of the estimated capital repair expenditures of 1.6 billion rubles, or 1.0 billion rubles (see l, f, (3), (c), p. 37, above). Therefore, total wage payments in MIS's in 1950 are estimated at 4.8 billion rubles.

This total wage outlay of 4.8 billion rubles is thought, however, to contain social insurance charges, in view of the practice of including social insurance under the wage category in the five-item accounting system used by MIS's for planning and reporting purposes. <sup>55/</sup> Therefore, social insurance charges have been deducted. As these charges amount to 4.4 percent of the wage bill in state agriculture, <sup>56/</sup> the figure of 4.8 billion rubles represents 104.4 percent of the estimated wage bill, which then becomes 4.6 billion rubles.

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(b) State Farms.

The average annual wage for state farm workers, including administrative as well as production workers, was estimated at 4,100 rubles per worker on the basis of wage data available for the Ukrainian Ministry of State Farms. The total wage bill is estimated below at 9.9 billion rubles.

In 1955 the average monthly wage for all categories of workers in the Ukrainian Ministry of State Farms was 422 rubles per worker. 57/ In state farms of the Ministry of State Farms in the Kher-sonskaya Oblast of the Ukraine the average monthly wage per worker in 1955 was 445 rubles, slightly above the average for the Ukraine as a whole, and in 1950 was 361 rubles, 58/ or about 80 percent of the 1955 average wage.

It was assumed that a similar relationship held for wages of the Ministry of State Farms of the Ukraine as a whole. Thus the average monthly wage for state farms of the Ukrainian Ministry of State Farms for 1950 was estimated at about 340 rubles, 80 percent of the 1955 average monthly wage of 422 rubles. The average annual wage, therefore, amounted to about 4,100 rubles per worker.

Hence an average annual wage of 4,100 rubles per worker was applied to the total number of workers and employees in state farms, 2,425,000, 59/ to obtain an estimated basic wage bill of 9.9 billion rubles.

(2) Collective Farm Wage Payments.

(a) Cash Labor-Day Payments to Collective Farmers.

In Appendix B, section 1, it is estimated that these payments amounted to about 29 percent of collective farm money revenues, or approximately 9.9 billion rubles.

(b) Administrative Wages.

In Appendix B, section 1, total "administrative-economic" expenditures of collective farms are estimated at 0.5 billion rubles. On the assumption that wages form the largest component of these expenditures, it is estimated that 0.4 billion rubles were devoted to administrative wages. In addition, some small portion of cash labor-day payments goes to administrative personnel who are members of farms. 60/ Positive evidence as to the importance of these administrative wages, however, is lacking, and, therefore, no attempt at an estimate is made.

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(c) Wages of Hired Nonconstruction Labor.

(See Appendix B, section 1.)

(3) Collective Farm Transfer Payments.

This entry represents cash payments to sick and aged collective farmers from the social-cultural funds of the collective farms. In Appendix B, section 1, the total allocation to these funds from collective farm revenues is estimated at 0.6 billion rubles. Of this amount, it is assumed that the entire amount was devoted to pensions and other cash transfer payments.

(4) Farm Household Income from Sale of Farm Products.

(a) Rural Households.

In Appendix B, section 2, sales by rural farm households on the collective farm ex-village market\* are estimated at 38.9 billion rubles, and sales to state procurement organizations are estimated at 1.6 billion rubles. In addition, sales of livestock by collective farmers to collective farms are estimated at 2.4 billion rubles. From these total sales of 42.9 billion rubles are deducted expenses of 1.4 billion rubles, consisting of the following: collective farm market and other fees, 0.5 billion rubles, and purchases of materials from the Nonagricultural Enterprise Sector, 0.9 billion rubles. The fee expenses are estimated by attributing 0.5 billion rubles (of the 0.6 billion rubles charged to farm households) to rural farm households, which carry on most of the private plot activity (see 1, b, p. 34, above). The materials purchase estimate is derived by allocating to the rural households three-fourths of total farm household materials purchases of 1.2 billion rubles (see 1, a, (4), p. 34, above).

(b) Urban Households.

Collective farm ex-village market sales by owners of urban plots are estimated at 4.3 billion rubles in Appendix B, section 2. In addition, it is estimated that sales to state procurement organizations from urban plots amounted to 0.5 billion rubles. From

\* The term collective farm market trade refers to sales by farm producers of their produce at free prices. The term collective farm ex-village market trade refers to sales by farm producers to nonfarm consumers, including nonfarm population and organizations. This turnover at free prices was formerly referred to as collective farm bazaar trade. The term collective farm village trade refers to sales by farm producers to other farm producers, or farm population.

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total sales of 4.8 billion rubles are deducted expenses of 0.4 billion rubles: collective farm market and other fees, 0.1 billion rubles, and materials purchases, 0.3 billion rubles. The fee figure is the difference between total estimated fees paid by farm households, 0.6 billion rubles (see 1, b, p. 34, above), and payments by rural households, 0.5 billion rubles. The materials purchase figure is one-fourth of total farm household materials purchases of 1.2 billion rubles (see 1, a, (4), p. 34, above).

(5) Farm Household Income-in-Kind.

(See Appendix B, section 4.)

b. Payments to the Government Sector.

(1) Direct Taxes.

(a) Profits Taxes of State Farms.

Because of lack of evidence as to the existence of such taxes in 1950, it is assumed that there were no profits taxes on state farms' revenues.

(b) Income Taxes of Collective Farms.

(See D, 2, g, p. 58, below.)

(2) Social Insurance.

(a) MTS.

(See a, (1), (a), p. 38, above.)

(b) State Farms.

This entry is calculated by applying the 4.4-percent social insurance charge in state agriculture (see a, (1), (a), p. 38, above), to the basic state farm wage bill of 9.9 billion rubles (see a, (1), (b), p. 41, above).

(3) Insurance Premiums.

Insurance premiums are estimated at 1.0 billion rubles (see D, 2, b, (4), p. 56, below).

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c. Saving.

(1) State Farms.

This entry represents profits devoted to decentralized investment through the director's fund and other enterprise funds. For state farms of the USSR Ministry of State Farms, profits amounted to 0.3 billion rubles in 1950, of which a negligible amount was allocated to the director's fund and 0.2 billion rubles were allocated to the fund for developing the farms. 61/ In view of the estimated 1950 state farm subsidy (see Appendix B, section 3), it is quite apparent that state farms as a whole were operating on a deficit. Hence, for this entry, decentralized investments from retained receipts by the remainder of the state farms are estimated at no more than half that of state farms of the USSR Ministry of State Farms. Total decentralized investments from own funds thus totaled about 0.3 billion rubles.

(2) Collective Farms.

(a) Undistributed Profits.

The undistributed profits of collective farms are estimated at 7.2 billion rubles and consist of the following components: deductions for replenishment of indivisible funds, 5.8 billion rubles (see Appendix B, section 1); funds earmarked for repayments on long-term loans, 0.7 billion rubles (see Appendix B, section 1); additions to inventories, 0.4 billion rubles (see 1, a, (3), p. 33, above); and the value of labor services rendered on capital repair projects by collective farmers, 0.3 billion rubles (see Appendix C, section 2).

(b) Investment-in-Kind.

(See 1, f, (3), (a), p. 37, above.)

(3) Net Changes in Livestock Inventory.

The changes in livestock numbers in all categories of farms from 1949 to 1950 62/ were expressed in terms of live weight of animals and were valued at 1950 state purchase prices. 63/ These values were then summed to obtain the total value of net changes in livestock inventory for 1950.

d. Income Originated.

Income originated of 290.2 billion rubles is estimated as the sum of all payments made from income originating in the productive

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activity of the Agricultural Enterprise Sector. It includes transfer payments to collective farmers from the social-cultural fund (see a, (3), p. 42, above) because they are made out of income generated by the productive activity of the collective farms, even though they are disbursed on a transfer basis rather than as a compensation of services currently rendered.

e. Transfer Receipts.

Receipts of insurance indemnities, for damage to collective farm property, are assumed to be equal to insurance premiums paid by collective farms (see D, 2, b, (4), p. 56, below).

3. Capital Account.

Account 8 records the asset formation of the sector and the sources from which it is financed.

Account 8

Soviet National Accounts, 1950: Capital Account  
of the Agricultural Enterprise Sector

Billion Rubles			
Debit		Credit	
Gross capital formation	28.3	Saving	9.8
Capital repairs	4.3	Capital consumption allowance	1.4
MIS's	1.6	Capital transfers from Government Sector	16.7
State farms	1.2	Net borrowing from Government Sector	2.6
Collective farms	1.5		
New fixed investment	19.0		
State agriculture	13.1		
Collective farms	5.9		
Farm households	0		
Additions to inventories	5.0		
Other	2.2		
Total	<u>30.5</u>	Total	<u>30.5</u>

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a. Gross Capital Formation.

(1) Capital Repairs.

(a) MIS's.

In 1950, total MIS expenditures for repair of tractors and agricultural machinery amounted to 3.2 billion rubles (see 1, a, (1), p. 32, above). It was assumed that capital repairs represented half of this amount, or 1.6 billion rubles.

(b) State Farms.

State farms are required to spend on capital repairs a sum equal to 6.0 percent of the original value of existing fixed assets. 64/ For lack of confirming data, state farm capital repairs are assumed to have been expended at 6.0 percent of 20 billion rubles, the value of fixed assets in 1950, 65/ or 1.2 billion rubles.

(c) Collective Farms.

(See Appendix C, section 2.)

(2) New Fixed Investment.

(a) State Agriculture.

This entry of 13.1 billion rubles is the sum of investments from the state budget in MIS's, state farms, and general agricultural projects, 12.6 billion rubles 66/; estimated decentralized investment from retained receipts of all state farms, 0.3 billion rubles (see 2, c, (1), p. 44, above); and decentralized investment of 0.2 billion rubles from state farms' amortization allowance. The latter figure is derived by deducting capital repairs of 1.2 billion rubles (see (1), (b), above) from state farms' total amortization allowance of 1.4 billion rubles (see 1, c, p. 35, above).

(b) Collective Farms.

This entry is the sum of investment from indivisible funds, 3.5 billion rubles; investments financed by long-term credits, 1.7 billion rubles; and investment-in-kind, 0.7 billion rubles.

Outlays from indivisible funds in 1950 were 3.5 billion rubles (see Appendix C, section 1). Long-term loans to collective farms for investments amounted to 1.7 billion rubles. 67/

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Collective farms' investment-in-kind has been estimated at 0.7 billion rubles (see 1, f, (3), (a), p. 37, above).

(c) Farm Households.

This entry is considered to be zero. Net changes in livestock inventories are treated in (3), below.

(3) Additions to Inventories.

This entry of 5.0 billion rubles represents increases in stock of fuel, fertilizers, and other materials, and also net changes in livestock inventories for all categories of farms. It is the sum of additions to stock of state farms, 2.1 billion rubles; of collective farms, 0.7 billion rubles; of MTS's, 0.6 billion rubles; and net additions in livestock inventories of 1.6 billion rubles. Additions by farm households are considered negligible.

The state farm figure is the sum of budget grants for expansion of working capital and the estimated increase in inventories financed by bank credit. Total additions to working capital in 1950 amounted to 6.7 billion rubles, of which additions to working capital in agriculture are assumed, as was the case in 1955, to have been about 29 percent of total additions, or about 1.9 billion rubles (see D, 3, a, p. 61, below). The entire amount is assumed to have been allocated to state farms. In addition, it is assumed that state farms received 0.2 billion rubles of the 0.5-billion-ruble increase in short-term credit to agriculture (see f, p. 48, below).

In the absence of specific data, collective farm additions to inventories are estimated roughly on the basis of the state farm figure. It is believed that collective farms' additions to inventories were only a modest fraction, perhaps one-third, of the state farm total. Therefore 0.7 billion rubles were assumed for collective farms, of which 0.3 billion rubles are assumed to have come from bank credit (see f, below) and 0.4 billion rubles from collective farms' revenues (see 1, a, (3), p. 33, above). MTS additions to inventories are estimated at 0.6 billion rubles (see 1, a, (1), p. 32, above). Net changes in livestock inventories are estimated at 1.6 billion rubles (see 2, c, (3), p. 44, above).

b. Other.

This entry is the sum of the increase in monetary assets, such as cash, bank deposits, and receivables of the Agricultural Enterprise Sector, and long-term credits to collective farms for the purchase of livestock.

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The increase in monetary assets amounted to 1.1 billion rubles, the difference between 5.8 billion rubles, the total deduction for replenishment of the collective farm indivisible fund, and 4.7 billion rubles, expenditures from the indivisible fund for investments and capital repairs (see Appendix C, sections 1 and 2).

Long-term loans to collective farms for the purchase of livestock amounted to 1.1 billion rubles. 68/

c. Saving.

(See 2, c, p. 44, above.)

d. Capital Consumption Allowances.

(See 1, c, p. 35, above.)

e. Capital Transfers from Government Sector.

(See D, 3, a, (2), p. 61, below.)

f. Net Borrowing from Government Sector.

This entry is the sum of net long-term borrowing by collective farms, 2.1 billion rubles, and net short-term borrowing by collective farms and state farms, 0.5 billion rubles (see D, 3, b, p. 62, below). It is assumed that, of the short-term total, collective farms received 0.3 billion rubles and state farms 0.2 billion rubles.

D. Government Sector.

The Government Sector comprises national and local government agencies engaged in providing services which are organized for, but not sold to, the community. These services are primarily health and education, defense, and internal security. This sector also includes organizations and activities which carry out the economic and social policies of the government. In this group are public organizations, such as trade unions and the Communist Party, and the banking system.

1. Production Account.

Account 9\* shows the cost, in terms of wages, social insurance charges, and materials purchases, of providing government services. Because these services are not sold, they are valued at cost on the credit side.

\* Account 9 follows on p. 49.

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## Account 9

Soviet National Accounts, 1950: Production Account  
of the Government Sector

Billion Rubles

Debit		Credit	
Wages of government employees	95.4	Cost of government services	220.0
Civilian employees	68.8		
Health and education	48.0		
General administration	8.9		
Internal security	4.6		
Public organizations	3.6		
Military personnel	3.7		
Military pay	26.6		
Social insurance	2.8		
Purchases from Nonagricultural Enterprise Sector	121.8		
Health and education	25.3		
General administration	4.1		
Military subsistence	31.0		
Military procurement and operations	26.3		
Internal security	4.5		
Defense programs	17.6		
Research and development programs	3.0		
Public organizations	3.5		
Miscellaneous	6.5		
Total	<u>220.0</u>	Total	<u>220.0</u>

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a. Wages of Government Employees.

(1) Civilian Employees.

(a) Health and Education.

Health and education wages are estimated at 48.0 billion rubles: education wages of 33.2 billion rubles and health wages of 14.8 billion rubles. 69/

(b) General Administration.

In general, wages account for two-thirds of the administration bill, 70/ which in 1950 was equal to 13.9 billion rubles. 71/ Wages were therefore 9.3 billion rubles; this, however, includes social insurance payments of 5 percent of the wage bill (see b, p. 51, below). The wage bill then is estimated at 8.9 billion rubles and social insurance charges at 0.4 billion rubles.

(c) Internal Security.

The total MVD-MGB expenditure in 1950 is assumed to be equal to the plan figure of 21.0 billion rubles. 72/ Expenditures on militarized MVD-MGB activity are estimated below at 11.9 billion rubles. This leaves 9.1 billion rubles for nonmilitarized activity, half of which, 4.6 billion rubles, is assumed to consist of wages.

(d) Public Organizations.

Wages are assumed to constitute one-half of total expenditures of public organizations, such as trade unions, the Communist Party, DOSAAF, and the like. Total expenditures are 7.1 billion rubles -- the sum of trade union expenditures of 3.3 billion rubles, Communist Party expenditures of 2.8 billion rubles, and expenditures of other organizations of 1.0 billion rubles. Wages are assumed equal to half of total expenditures, or 3.6 billion rubles.

Trade union expenditures in 1950 are estimated at 3.3 billion rubles on the basis of the following information. The 1950 trade union budget was 165 percent of the 1946 level 73/; expenditures in 1946 may be estimated at 2.0 billion rubles, since expenditures on aid to needy members in that year were planned at 200.2 million rubles, or 9.9 percent of total expenditures. 74/ Expenditures in 1950 were therefore 165 percent of 2.0 billion, or 3.3 billion rubles.

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It has been announced that revenue from dues payments consisted of 85 percent of total revenues of the Communist Party in 1952 75/ -- that is, before the lower dues rates announced at the Nineteenth Party Congress were put into effect. It seems reasonable to assume that the same percentage was true for 1950, when the dues rates were the same. Total dues payments are estimated above at 2.4 billion rubles (see A, 2, d, p. 13, above). Total revenue in 1950 can thus be computed at 2.8 billion rubles, and total expenditures are assumed equal to total revenue.

Expenditures of other public organizations, including Komsomol, DOSAAF, and Spartak, are assumed equal to 1.0 billion rubles.

(e) Military Personnel.

Wages of civilian employees included in the defense budget are estimated at 3.7 billion rubles. 76/

(2) Military Pay.

Military pay is estimated at 26.6 billion rubles, the sum of 20.5 billion rubles of armed forces military pay and 6.1 billion rubles for militarized forces of the MVD-MGB. 77/

b. Social Insurance.

The social insurance rate for government civilian employees is estimated at 5 percent of the corresponding wage bills, on the basis of information for education and health. The rate is 4.3 percent in middle schools, 4.6 percent in mass education institutions, and 5.9 percent in health institutions. 78/ Social insurance payments are thus 5 percent of health and education wages, 48.0 billion rubles, and administration wages, 8.9 billion rubles -- or about 2.8 billion rubles.

c. Purchases from the Nonagricultural Enterprise Sector.

(1) Health and Education.

Health and education purchases are estimated by computing total adjusted expenditures in this field and deducting expenditures for wages, social insurance, and investment. Adjusted health expenditures are 26.2 billion rubles, the explicit sum of health expenditures of 21.4 billion rubles 79/ plus 2.8 billion rubles of social insurance funds and 2.0 billion rubles of social security funds (see 2, b, (1), p. 53, below). Adjusted education expenditures

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are explicit education expenditures of 56.9 billion rubles 80/ less student stipends of 4.0 billion rubles (see 2, b, (2), p. 55, below). Total adjusted expenditures are 79.1 billion rubles; from this is subtracted wage payments of 48.0 billion rubles (see a, (1), p. 50, above), social insurance outlays of 2.4 billion rubles (see b, p. 51, above), investment outlays of 2.0 billion rubles, and capital repair outlays of 1.4 billion rubles (see 3, c, (1) and (2), pp. 63 and 64, respectively, below). This leaves 25.3 billion rubles for materials purchases.

(2) General Administration.

Materials purchases for general administration are equal to total expenditures of 13.9 billion rubles less expenditures for wages and social insurance of 9.3 billion rubles (see a, (1), (b), p. 50, above) and investment in government facilities of 0.5 billion rubles (see 3, c, (2), p. 64, below). This leaves 4.1 billion rubles for materials purchases.

(3) Military Subsistence.

This item consists of purchases for subsistence of the armed forces proper of 25.2 billion rubles and for militarized MGB-MVD troops of 5.8 billion rubles. 81/ In the referenced source the subsistence allowances are in 1951 prices and are 23.0 billion rubles and 5.3 billion rubles, respectively. These amounts have been adjusted to current 1950 prices by use of the state retail price index. 82/

(4) Military Procurement and Operations.

This figure has been computed as the residual of the defense budget after other itemized expenditures have been deducted (see Appendix A).

(5) Internal Security.

Out of total MVD-MGB expenditures on nonmilitarized activity, 9.1 billion rubles; it was assumed that half represents materials purchases (see a, (1), (c), p. 50, above).

(6) Defense Programs.

In this category have been placed the unexplained budget residuals under the budget headings Financing the National Economy and Other Expenditures. It would include purchases for nuclear energy and other defense-oriented programs which are not included in the explicit defense budget (see Appendix A).

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(7) Research and Development Programs.

Several types of developmental outlays are financed through the budget. These outlays include expenditures for mastering the production of new products, outlays for technical improvements and inventions, and starting expenditures of new enterprises. <sup>83/</sup> These expenditures have been estimated at 3 billion rubles, on the basis of an estimate of 5 billion rubles for 1955. <sup>84/</sup>

(8) Public Organizations.

Materials purchases were estimated at 3.5 billion rubles, or one-half of total expenditures of public organizations, estimated at 7.1 billion rubles (see a, (1), (d), p. 50, above).

(9) Miscellaneous.

One-half of the unexplained budget residual of 13.1 billion rubles (see footnote c, Table 10, p. 54, below) was considered purchases for current use by the government from the Nonagricultural Enterprise Sector.

d. Cost of Government Services.

Government services are valued at cost, as they are not sold to the community. This item is therefore the sum of all entries on the debit side of the account.

2. Appropriation Account.

Account 10\* shows on the credit side the receipts of the Government Sector and on the debit side their disposition through the purchase of government services, transfer payments to households and enterprises, and saving.

a. Cost of Government Services.

(See 1, d, above.)

b. Transfers to the Household Sector.

(1) Pensions.

Pensions payments to the population are equal to 35.5 billion rubles: the sum of 14.4 billion rubles in social insurance funds, 14.9 billion rubles in social security funds, 3.6 billion

\* Account 10 follows on p. 54.

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rubles in aid to mothers, and 2.6 billion rubles from defense budget funds.

Account 10

Soviet National Accounts, 1950: Appropriation Account  
of the Government Sector

		Billion Rubles	
Debit		Credit	
Cost of government services	220.0	Receipts from own sector	4.5
Transfers to Household Sector	42.8	Receipts from other sectors	369.2
Pensions	35.5		
Stipends	4.0	Household taxes and payments	43.4
Interest	2.8	Taxes on enterprises	301.1
Insurance indemnities	0.5		
Transfers to Nonagricultural Enterprise Sector	16.9	Profits taxes	38.3
Grants to procurement	6.0	Income taxes	4.7
Subsidies	10.9	Turnover taxes	236.1
Transfers to Agricultural Enterprise Sector	14.7	Other enterprise taxes and payments	22.0
Subsidies	8.2	Social insurance	16.8
MIS grant	5.5	Dues and other payments to public organizations	6.4
Insurance indemnities	1.0	Insurance premiums	1.5
Saving	79.3		
<b>Total</b>	<b><u>373.7</u></b>	<b>Total</b>	<b><u>373.7</u></b>

According to the 1950 plan, total social insurance expenditures were set at 19.0 billion rubles. Out of this total, 15.3 billion rubles, or 80.5 percent of the funds, were earmarked for pensions and grants; 3.0 billion rubles, or 15.8 percent, for homes of rest and sanatoria; and the remaining 0.7 billion rubles, or 3.7 percent, were to be devoted to administrative expenses. <sup>85/</sup> Total social insurance expenditures in 1950 were equal to 17.9 billion rubles. <sup>86/</sup> If it is

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assumed that actual expenditures were distributed in the same proportion as planned expenditures, pensions amounted to 14.4 billion rubles, homes of rest and sanatoria to 2.8 billion rubles, and administrative expenses to 0.7 billion rubles. For the purpose of these accounts, pension payments are included here as Transfers to the Household Sector; expenditures for homes of rest and sanatoria are considered properly health expenditures and are included in adjusted health expenditures above (see l, c, (1), p. 51, above); and expenditures for administration are considered transfer of funds to trade unions, which are responsible for the administration of social insurance funds (see g, (4), p. 59, below).

Out of total expenditures for social security of 16.9 billion rubles, 87/ it has been assumed that 2 billion rubles were devoted to expenditures properly classified as health expenditures, such as maintenance of homes for invalids. The remaining 14.9 billion rubles are taken as pension payments to the population.

Budget expenditures for aid to mothers were announced as 3.6 billion rubles in 1950. 88/ Pension payments out of the defense budget, which consist of payments to career members of the armed forces, are estimated at 2.6 billion rubles. 89/

(2) Stipends.

Stipends to students in higher educational establishments amounted to 2.2 billion rubles in 1950. 90/ On this basis, it is assumed that the total amount of student stipends in 1950, including stipends to students in technicums and scientific institutes, was equal to 4.0 billion rubles. This is consistent with an estimate of 3.0 billion rubles for stipends in 1948 91/ and a plan figure of 5.8 billion rubles for student stipends in 1953. 92/ The estimate of 4 billion rubles for 1950 is also consistent with trends in student enrollment in technicums and higher educational establishments. 93/

(3) Interest.

The Soviet population receives interest from purchase of government bonds and from deposits in savings banks. Payments on the state loan to the population were 5.1 billion rubles in 1950 94/; this amount includes principal retirement as well as interest. By examining the various bond issues on which loan service was paid in 1950 and reconstructing the schedule of loan service payments, interest has been estimated at 2.3 billion rubles.

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The average rate of interest for savings deposits in 1950 was 3 percent. <sup>95/</sup> As additions to savings deposits in 1950 were equal to 3.1 billion rubles (see 3, f, (2), p. 65, below) and total deposits at the end of the year were 18.5 billion rubles, <sup>96/</sup> the average amount of savings deposits during the year was 17.0 billion rubles. Applying the average rate of interest of 3 percent gives total interest payments of 0.5 billion rubles.

(4) Insurance Indemnities.

In the absence of any specific information concerning insurance payments and premiums in 1950, it has been assumed first that premiums were equal to indemnities and, second, that total premiums were equal to 1.5 billion rubles on the basis of a 2.0-billion-ruble plan figure for 1956. <sup>97/</sup> It was further assumed that households receive 0.5 billion rubles and collective farms 1.0 billion rubles.

c. Transfers to the Nonagricultural Enterprise Sector.

(1) Grants to Procurement.

The 1950 budget allocation to trade and procurement was 10.1 billion rubles, <sup>98/</sup> of which the allocation to trade may be estimated at 1.8 billion rubles on the basis of the 1951 plan figure. <sup>99/</sup> Of the 8.3 billion rubles allocated to procurement, it is estimated that 6.0 billion rubles represent budget grants to cover operating losses.

These losses occur because procurement organizations buy agricultural products from producers at various prices but sell at a single price. These organizations, however, pay into the budget turnover taxes computed as the difference between low compulsory delivery prices paid to collective farms and the single selling price received from the processing industries with an allowance for operational costs of the procurement organization. But, in actual practice, procurement organizations often pay to producers higher prices for above-quota collective farm deliveries and higher prices for state farm deliveries. In order to make up the difference between the low compulsory delivery collective farm prices, upon which turnover tax is computed and the higher purchase price actually paid by the procurement organization in many cases, allocations are made from the budget.

(2) Subsidies.

Subsidies are computed here as 19.1 billion rubles, the difference between total profit of state enterprises of 65.5 billion rubles <sup>100/</sup> and net profit of state enterprises of 46.4 billion rubles.

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Net profits of state and cooperative organizations in 1950, taking into account losses, were 52.2 billion rubles. 101/ From this figure are subtracted profit of producer cooperatives of 3.9 billion rubles 102/ and profit of consumer cooperatives of 1.9 billion rubles, 103/ leaving 46.4 billion rubles in net profit of state enterprises alone.

From total subsidies of 19.1 billion rubles, subsidies to the Agricultural Enterprise Sector of 8.2 billion rubles have been deducted (see d, (1), below) to obtain the figure of 10.9 billion rubles as subsidies to the Nonagricultural Enterprise Sector.

d. Transfers to the Agricultural Enterprise Sector.

(1) Subsidies.

This item consists of subsidies to agricultural enterprises of 8.2 billion rubles (see Appendix B, section 3).

(2) MTS Grant.

The total budget grant to the MTS's, including capital investment, was equal to 17.5 billion rubles. 104/ Capital investment for the MTS's is estimated at 6.2 billion rubles (see Appendix C), capital repair at 1.6 billion rubles (see C, 3, a, (1), (a), p. 46, above), and increases in MTS working capital at 0.6 billion rubles. This leaves 9.1 billion rubles of the budget grant to be devoted to current operations, from which are deducted 3.6 billion rubles of MTS payment into the budget 105/ to obtain the subsidy figure of 5.5 billion rubles.

(3) Insurance Indemnities.

Insurance indemnities to collective farms were assumed to be equal to half of total insurance indemnities of 1.0 billion rubles (see b, (4), p. 56, above).

e. Saving.

Government saving is equal to total receipts of 373.7 billion rubles less cost of government services of 220.0 billion rubles and transfer payments of 74.4 billion rubles.

f. Receipts from Own Sector.

Receipts from own sector are equal to 4.5 billion rubles, the sum of social insurance payments made by the government on

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the wages of its civilian personnel of 2.8 billion rubles (see 1, b, p. 51, above) and the balance in republic and local budgets of 1.7 billion rubles, which is considered budget revenue (see Appendix A). The figure of 1.7 billion rubles is the plan amount, 106/ but there is no reason to suppose that the actual amount was any different from the plan, since these are funds left over from 1949.

g. Receipts from Other Sectors.

(1) House Taxes and Payments.

"Taxes on the population" in 1950 were 35.8 billion rubles. 107/ In addition, it is estimated that households pay 3.3 billion rubles of the total 6.7 billion rubles in local taxes and fees, 108/ 3.3 billion rubles of the total collections and nontax revenue, 109/ and miscellaneous payments of 1.0 billion rubles (see Appendix A). Total taxes on households thus are equal to 43.4 billion rubles. These payments include, in addition to income taxes and entertainment taxes, taxes on the ownership of houses and automobiles, land rent, passport and notarial fees, and tuition payments.

(2) Taxes on Enterprises.

(a) Profits Taxes.

Total deductions from profits to the budget in 1950 were 40.4 billion rubles. 110/ This item includes 2.1 billion rubles of return of surplus working capital, which is considered a capital transfer (see 3, g, p. 65, below).

(b) Income Taxes.

Budget receipts from income taxes and taxes on nonmerchandising operations levied on enterprises and organizations amounted to 5.5 billion rubles in 1950. 111/ It may be assumed that 0.8 billion rubles of this amount consisted of the tax on nonmerchandising operations, as total collections of this tax over the 5-year period 1946-50 amounted to 3.8 billion rubles. 112/

Income taxes levied on producer and consumer cooperatives are estimated at 2.1 billion rubles on the following basis. For consumer cooperatives, income taxes are 25 percent of profits, 113/ which in 1950 were equal to 1.9 billion rubles (see c, (2), p. 56, above). Income tax payments were therefore 0.5 billion rubles. For producer cooperatives, income taxes vary from 20 to 50 percent of profit depending on the rate of profitability. 114/ On the basis of information on 1954 and 1955 profits and income taxes, it appears that 40 percent

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of profit is the general average. 115/ As producer cooperatives' profit in 1950 was equal to 3.9 billion rubles (see c, (2), p. 56, above), income taxes are estimated at 1.6 billion rubles.

As income taxes on consumer and producer cooperatives account for 2.1 billion rubles out of total taxes of 4.7 billion rubles, the remaining 2.6 billion rubles in income taxes must have been paid by collective farms.

(c) Turnover Taxes.

Budget receipts from turnover taxes in 1950 amounted to 236.1 billion rubles. 116/

(d) Other Enterprise Taxes and Payments.

This item is equal to 22.0 billion rubles, consisting of 3.4 billion rubles in local taxes and fees, 10.1 billion rubles of collections and nontax revenue, 5.0 billion rubles of customs and reparations, 2.2 billion rubles of miscellaneous taxes, 0.8 billion rubles in taxes on nonmerchandising operations (see Appendix A), and payments to the banking system by producer cooperatives of 0.5 billion rubles (see B, 2, b, (3), p. 27, above).

(3) Social Insurance.

Total budget income from this source was 19.6 billion rubles. 117/ From this amount is deducted 2.8 billion rubles, the portion paid by the government for its civilian employees (see 1, b, p. 51, above), leaving 16.8 billion rubles in payments by the Nonagricultural and Agricultural Enterprise Sectors.

(4) Dues and Other Payments to Public Organizations.

(See A, 2, d, p. 13, above.)

(5) Insurance Premiums.

(See b, (4), p. 56, above.)

3. Capital Account.

Account 11\* records the various capital transactions of the Government Sector. As debits it lists the capital outlays of the sector, in the form of its capital grants (transfers), loans, and own

\* Account 11 follows on p. 60.

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real and monetary asset formation. As credits it shows the sources of funds for these outlays.

Account 11		Soviet National Accounts, 1950: Capital Account of the Government Sector	
Billion Rubles			
Debit		Credit	
Capital transfers to other sectors	102.4	Saving	79.3
Nonagricultural Enterprise Sector	85.7	Capital transfers from Household Sector	28.7
Agricultural Enterprise Sector	16.7	Net purchase of government bonds	25.6
Net loans to other sectors	12.5	Additions to savings deposits	3.1
Household Sector	1.0	Capital transfers from Nonagricultural Enterprise Sector	2.1
Nonagricultural Enterprise Sector	8.9	Capital transfers from abroad (reparations)	20.8
Agricultural Enterprise Sector	2.6		
Government capital formation	15.4		
Capital repairs	1.9		
New fixed investment	6.5		
Other	7.0		
Additions to cash balances	0.6		
<b>Total</b>	<b><u>130.9</u></b>	<b>Total</b>	<b><u>130.9</u></b>

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a. Capital Transfers to Other Sectors.

(1) Nonagricultural Enterprise Sector.

Capital transfers to the Nonagricultural Enterprise Sector are 85.7 billion rubles, the sum of transfers for new fixed investment, 80.9 billion rubles, and transfers for the expansion of working capital, 4.8 billion rubles.

Government transfers to the Nonagricultural Enterprise Sector for new fixed investment are computed by estimating total government budgetary funds devoted to investment and subtracting that portion of the funds transferred to the Agricultural Enterprise Sector or invested by the Government Sector directly.

Total governmental budget outlays for investment are estimated at 100.0 billion rubles (see Appendix C, section 2). From this amount is deducted 12.6 billion rubles devoted to agricultural investment (see (2), below) and 6.5 billion rubles devoted to government investment (see c, (2), p. 63, below), to obtain the figure of 80.9 billion rubles of investment funds transferred from the budget to the Nonagricultural Enterprise Sector. (It should be noted that investment figures for 1950 include funds for investment planning bureaus; these funds have not been included in investment figures for subsequent years. The sum involved may be estimated at 3.5 billion rubles in 1950, in view of the fact that these funds were planned at 3.7 billion rubles in the 1951 budget. 118/)

Transfers to the Nonagricultural Enterprise Sector for the expansion of working capital are estimated at 4.8 billion rubles. Here it has been assumed that actual transfer of funds for increases in working capital was equal to the planned transfer of funds of 6.7 billion rubles 119/ and that, of the total sum, 71 percent, or 4.8 billion rubles, was directed to the Nonagricultural Enterprise Sector and the remaining 1.9 billion rubles to the Agricultural Enterprise Sector. This was the relationship which existed in 1955; however, the share given to the Agricultural Enterprise Sector is probably too great for 1950. 120/

Transfers to the Nonagricultural Enterprise Sector for capital repair are assumed to be negligible.

(2) Agricultural Enterprise Sector.

Capital transfers to the Agricultural Enterprise Sector are the sum of transfers for new fixed investment of 12.6 billion rubles, transfers for capital repairs of 1.6 billion rubles,

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transfers for increases in state farm working capital of 1.9 billion rubles (see (1), p. 61, above), and MTS working capital of 0.6 billion rubles (see C, 1, a, (1), p. 32, above), for a total of 16.7 billion rubles.

b. Net Loans to Other Sectors.

Net loans to other sectors are estimated at 12.5 billion rubles, the sum of short-term credit of 9.0 billion rubles plus long-term credit of 3.5 billion rubles.

Increase in short-term credit, which is equal to increase in Gosbank credit outstanding, is estimated at 9.0 billion rubles on the basis of the following information. It is known that Gosbank credit outstanding on 1 January 1955 amounted to 190 billion rubles 121/ and that credits in 1955 were 23 percent greater than in 1950. 122/ Therefore, credit outstanding on 1 January 1950 is estimated at 154 billion rubles. Credit outstanding on 1 January 1951 was 163 billion rubles, 123/ which signifies 9-billion-ruble increase above 1950. Agriculture may be assumed to account for approximately 5 percent of the total, as this was the case in 1941 124/ and 1955. 125/ Therefore, 0.5 billion rubles of short-term credit are classified as a transfer of credit to the Agricultural Enterprise Sector, and the remaining 8.5 billion rubles as a transfer to the Nonagricultural Enterprise Sector.

Long-term credit, which was issued by the so-called specialized banks -- the Agricultural, Industrial, Trade, and Communal Banks -- has been estimated at 3.5 billion rubles. Although specific information is lacking in most cases concerning the specific amount of loans, it is possible to determine the general range of magnitude. The plan budget allocation to specialized banks in 1950 was set at 3.9 billion rubles. 126/ In addition to budget grants, banks also lend money from funds deposited by producer cooperatives and collective farms. Funds deposited by producer cooperatives have been estimated above at 0.5 billion rubles (see, 2, g, (2), (d), p. 59, above). Therefore, expansion of credit in 1950 must have approximated 3.5 billion rubles. In addition, it is known that total long-term credit outstanding at the end of 1955 was 40 billion rubles, an increase of more than 15 billion rubles compared with the end of 1950. 127/ This implies an average increase of about 3 billion rubles per year.

Long-term credit extended to collective farms by the Agricultural Bank was 2.8 billion rubles in 1950. 128/ If it is assumed that 25 percent of total loans were covered by repayment of previous loans, net long-term loans to the Agricultural Enterprise Sector may be estimated at 2.1 billion rubles.

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Total state loans for private urban home construction, granted by the Communal Bank, amounted to 0.7 billion rubles in 1950, and loans for rural private housing construction, granted by the Agricultural Bank, amounted to an additional 0.7 billion rubles. 129/ If 25 percent repayment is similarly assumed here, net loans equal 1.0 billion rubles and are entered in the accounts as net loans to the Household Sector.

Long-term loans to the Nonagricultural Enterprise Sector are computed as the residual -- that is, they are equal to the total expansion of loans of 3.5 billion rubles less loans to the Agricultural Enterprise Sector of 2.1 billion rubles and loans to the Household Sector of 1.0 billion rubles. The resulting figure of 0.4 billion rubles in net loans to the Nonagricultural Enterprise Sector seems reasonable, as it is known that these loans are relatively small. Total loans granted by the Industrial Bank during the period 1941-53 amounted to "more than 1 billion rubles." 130/ Total credit extended by the Trade Bank, according to a 1955 statement, amounts to "about" 2 billion rubles annually. 131/

Net loans to other sectors may thus be summarized as follows:

	Billion Rubles		
	<u>Short-Term Loans</u>	<u>Long-Term Loans</u>	<u>Total</u>
Household Sector		1.0	1.0
Nonagricultural Enterprise Sector	8.5	0.4	8.9
Agricultural Enterprise Sector	0.5	2.1	2.6
Total	<u>9.0</u>	<u>3.5</u>	<u>12.5</u>

c. Government Capital Formation.

(1) Capital Repairs.

Government expenditures for capital repairs are equal to 1.9 billion rubles, consisting of 1.4 billion rubles expended for repair of health and education facilities and 0.5 billion rubles expended for repair of defense establishments.

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(2) New Fixed Investment.

Government expenditures for new fixed investment total 6.5 billion rubles and are made up of 2.0 billion rubles of investment by the Ministries of Health and Education, 4.0 billion rubles of investment by the Ministry of Defense from the Defense Budget, and 0.5 billion rubles for investment in administrative sector. The latter would presumably include investment in defense programs such as nuclear energy and weapons production.

(3) Other.

This category includes additions to gold stocks, state reserve purchases, and minor investment expenditures such as outlays for geological surveys. These expenditures were estimated at 7.0 billion rubles, or about half the estimate of 15 billion rubles for 1955. As was the case in the 1955 accounts, the figure entered here is made up of the net increase in gold stocks and state reserves, although actual Soviet budgetary practice would list gross purchases and sales. The complete lack of information, however, makes a more detailed estimate impossible. 132/

d. Additions to Cash Balances.

This entry is equal to the total budget surplus in 1950 less that portion of the surplus devoted to offsetting the expansion of State Bank short-term credit. The budget surplus for 1950 was equal to total income of 422.8 billion rubles less total outlays of 413.2 billion rubles, or 9.6 billion rubles (see Appendix A). Of this surplus, 9 billion rubles were devoted to the expansion of State Bank credit (see b, p. 62, above), leaving 0.6 billion rubles as increase in cash balances.

e. Saving.

(See 2, e, p. 57, above.)

f. Capital Transfers from the Household Sector.

(1) Net Purchase of Government Bonds.

The gross purchase of government bonds by the population, consisting of subscriptions to the mass loan of 26.4 billion rubles 133/ and purchase of 3-percent lottery loans of 1.5 billion rubles, 134/ was equal to 27.9 billion rubles. From this amount is deducted repayment of loans to the population of 2.3 billion rubles, which is the difference between total loan service to the population of 5.1 billion rubles and that part of loan service consisting of interest payments (see Appendix A).

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(2) Additions to Savings Deposits.

Additions to savings deposits are equal to the purchase of government bonds by savings banks, given as 3.1 billion rubles. 135/ This figure is somewhat short of the planned increase to 4 billion rubles. 136/

g. Capital Transfers from the Nonagricultural Enterprise Sector.

This item, which consists of the return of surplus working capital to the budget, has been estimated at 2.1 billion rubles. These funds are included in the budget revenue item of profits tax. The 1950 estimate 137/ is based on the assumption that return of surplus working capital bears the same relation to total profits taxes as it did in the 1949 plan. 138/

h. Reparations.

Reparations in these accounts appear only once -- on the credit side of the government. It is implicitly assumed that this is the capital transfer from the rest of the world account and thus would be entered on the debit side of such an account if it were included in this report.

Thus, by accepting this lone transfer from the rest of the world account, it is implicitly assumed that other foreign transactions (transfers, sales, and purchases) net out to zero.

Reparations payments are estimated to have totaled 20.8 billion rubles. Budget revenue from customs and reparations was planned at 25.8 billion rubles. 139/ In the absence of any information on the subject, it is assumed that the plan was fulfilled and that 5.0 billion rubles of the total consisted of customs duties and other fees paid by enterprises and the remaining 20.8 billion rubles of reparations from foreign nations.

E. Consolidated National Accounts.

1. Production Account.

Account 12\* (the Consolidated Production Account) contains the sum of the corresponding entries in the sector production accounts.

\* Account 12 follows on p. 66.

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In order to show gross national product (GNP) at established prices, however, subsidies are eliminated from the credit side and are explicitly deducted from the debit side of the Consolidated Production Account.

Account 12

Soviet National Accounts, 1950: Production Account  
of the Consolidated National Accounts

Billion Rubles

Debit		Credit	
National income	782.4	Consumers' expenditure on goods and services	672.4
Capital consumption allowances	29.0	Government current expenditure on goods and services	220.0
Indirect taxes	257.5	Gross capital formation	189.4
Less: Subsidies	-30.6		
Statistical discrepancy	43.5		
		Gross national expenditure at established prices	1,081.8
Gross national product at established prices	<u>1,081.8</u>		

a. National Income.

Consolidated national income is the sum of national income originating in the Nonagricultural Enterprise Sector, 363.0 billion rubles (see B, 1, d, p. 21, above); in the Agricultural Enterprise Sector, 290.2 billion rubles (see C, 2, d, p. 44, above); and in the Government Sector, 129.2 billion rubles. National income originating in the Government Sector is the sum of wages of government employees, 95.4 billion rubles (see D, 1, a, p. 50, above); social insurance payments, 2.8 billion rubles (see D, 1, b, p. 51, above); and military subsistence, 31.0 billion rubles (see D, 1, c, p. 51, above).

b. Capital Consumption Allowances.

This entry is the sum of allowances in the Nonagricultural Enterprise Sector, 27.6 billion rubles (see B, 1, c, p. 21, above), and in the Agricultural Enterprise Sector, 1.4 billion rubles (see C, 1, c, p. 35, above).

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c. Indirect Taxes.

This entry is the sum of indirect taxes paid by the Nonagricultural Enterprise Sector, 255.4 billion rubles (see B, 1, b, p. 20, above), and the Agricultural Enterprise Sector, 2.1 billion rubles (see C, 1, b, p. 34, above).

d. Subsidies.

Total subsidies are the sum of subsidies to the Non-agricultural Enterprise Sector, 16.9 billion rubles (see B, 1, g, p. 22, above), and to the Agricultural Enterprise Sector, 13.7 billion rubles (C, 1, g, p. 38, above).

e. Statistical Discrepancy.

This entry is the difference between total debits and total credits, or 43.5 billion rubles.

f. Consumers' Expenditure on Goods and Services.

This entry is the sum of purchases by the Household Sector (including income-in-kind) from the Nonagricultural Enterprise Sector, 386.1 billion rubles; from the Agricultural Enterprise Sector, 255.3 billion rubles; and from the Government Sector (in the form of military subsistence), 31.0 billion rubles (see A, 2, b, p. 7, above).

g. Government Current Expenditure on Goods and Services.

This entry of 220.2 billion rubles is the cost of government services (see D, 1, d, p. 53, above).

h. Gross Capital Formation.

This entry is the sum of gross capital formation in the Household Sector (new fixed investment), 6.2 billion rubles (see A, 3, a, p. 16, above); in the Nonagricultural Enterprise Sector, 139.5 billion rubles (see B, 3, a, p. 28, above); in the Agricultural Enterprise Sector, 28.3 billion rubles (see C, 3, a, p. 46, above); and in the Government Sector, 15.4 billion rubles (see D, 3, c, p. 63, above).

2. Appropriation Account.

Account 13,\* the Consolidated Appropriation Account, is compiled by combining the entries in the sector appropriation accounts according to the type of payments made, rather than according to intersectoral transactions.

\* Account 13 follows on p. 68.

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## Account 13

Soviet National Accounts, 1950: Appropriation Account  
of the Consolidated National Accounts

		Billion Rubles	
Debit		Credit	
Wages and other cash		National income	782.4
household income	416.5		
Income-in-kind	263.4		
Social insurance	19.6		
Direct taxes and related			
payments of enterprises	43.6		
Saving of enterprises	39.3		
		National income at	
National income at		factor cost	<u>782.4</u>
factor cost	<u>782.4</u>	National income at	
		factor cost	<u>782.4</u>

a. Wages and Other Cash Household Income.

This entry is the sum of wages and other cash household income originating in the Nonagricultural Enterprise Sector, 249.4 billion rubles (see B, 2, a, (1) through (4), pp. 22 through 25, above); in the Agricultural Enterprise Sector, 71.7 billion rubles (see C, 2, a, (1) through (4) pp. 38 through 42, above); and in the Government Sector, 95.4 billion rubles (see D, 1, a, p. 50, above).

b. Income-in-Kind.

This entry is the sum of income-in-kind originating in the Nonagricultural Enterprise Sector, 26.9 billion rubles (see B, 2, a, (5) through (7) p. 25, above); in the Agricultural Enterprise Sector, 205.5 billion rubles (see C, 2, a, (5), p. 43, above); and in the Government Sector (military subsistence), 31.0 billion rubles (see D, 1, c, p. 51, above).

c. Social Insurance.

This entry is the sum of social insurance payments by the Nonagricultural Enterprise Sector, 16.2 billion rubles (see B, 2, b, p. 26, above); by the Agricultural Enterprise Sector, 0.6 billion rubles (see C, 2, b, p. 43, above); and by the Government Sector, 2.8 billion rubles (see D, 1, b, p. 51, above).

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d. Direct Taxes and Related Payments of Enterprises.

This entry is the sum of all direct taxes and of payments to the banking system by cooperatives in the Nonagricultural Enterprise Sector, 41.0 billion rubles (see B, 2, b, p. 26, above) and of direct taxes of the Agricultural Enterprise Sector, 2.6 billion rubles (see C, 2, b, p. 43, above).

e. Saving of Enterprises.

Enterprise saving was 29.5 billion rubles in the Non-agricultural Sector (see B, 2, c, p. 27, above) and 9.8 billion rubles in the Agricultural Enterprise Sector (see C, 2, c, p. 44, above).

3. Capital Account.

Account 14 (the Consolidated Capital Account) is obtained by combining the sector capital accounts, with one adjustment. Saving devoted to the formation of purely monetary assets is deducted from both sides of the account, in order to obtain real capital formation and saving.

Account 14

Soviet National Accounts, 1950: Capital Account  
of the Consolidated National Accounts

		Billion Rubles	
Debit		Credit	
Gross capital formation	189.4	Capital consumption	
Capital repairs	27.5	allowances	29.0
New fixed investment	134.1	Saving	154.3
Additions to inventories	20.8	Less: Addition to monetary assets	10.8
Other	7.0	Capital transfers from abroad (reparations)	20.8
Statistical discrepancy	3.9		
Gross capital formation	<u>193.3</u>	Gross real saving	<u>193.3</u>

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a. Gross Capital Formation.

(1) Capital Repairs.

Total capital repairs are the sum of capital repairs in the Nonagricultural Enterprise Sector, 21.3 billion rubles (see B, 3, a, p. 28, above); in the Agricultural Enterprise Sector, 4.3 billion rubles (see C, 3, a, p. 46, above); and in the Government Sector, 1.9 billion rubles (see D, 3, c, p. 63, above).

(2) New Fixed Investment.

Total new fixed investment is the sum of investment in the Household Sector, 6.2 billion rubles (see A, 3, a, p. 60, above); in the Nonagricultural Enterprise Sector, 102.4 billion rubles (see B, 3, a, p. 28, above); in the Agricultural Enterprise Sector, 19.0 billion rubles (see C, 3, a, p. 46, above); and in the Government Sector, 6.5 billion rubles (see D, 3, c, p. 63, above).

(3) Additions to Inventories.

Additions to inventories were 15.8 billion rubles in the Nonagricultural Enterprise Sector (see B, 3, a, p. 28, above) and 5.0 billion rubles in the Agricultural Enterprise Sector (see C, 3, a, p. 46, above).

(4) Other.

Other investment in the Government Sector was 7.0 billion rubles (see D, 3, c, p. 63, above).

b. Statistical Discrepancy.

This item is the difference between total credits of 193.3 billion rubles and debits of 189.4 billion rubles.

c. Capital Consumption Allowances.

This entry is the sum of allowances in the Nonagricultural Enterprise Sector, 27.6 billion rubles (see B, 3, f, p. 30, above), and in the Agricultural Enterprise Sector, 1.4 billion rubles (see C, 3, d, p. 48, above).

d. Saving.

Total saving is the sum of saving in the Household Sector, 35.7 billion rubles (see A, 3, d, p. 19, above); in the Nonagricultural Enterprise Sector, 29.5 billion rubles (see B, 3, e, p. 30, above);

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in the Agricultural Enterprise Sector, 9.8 billion rubles (see C, 3, c, p. 48, above); and in the Government Sector, 79.3 billion rubles (see D, 3, c, p. 63, above).

e. Addition to Monetary Assets.

Saving devoted to the formation of cash balances, enterprise bank deposits, and receivables was 1.8 billion rubles in the Household Sector (see A, 3, c, p. 18, above); 6.2 billion rubles in the Nonagricultural Enterprise Sector (see B, 3, c, p. 30, above); 0.6 billion rubles in the Government Sector (see D, 3, d, p. 64, above); and 2.2 billion rubles in the Agricultural Sector (see C, 3, b, p. 47, above).

f. Capital Transfers from Abroad (Reparations).

(See D, 3, h, p. 65, above.)

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III. Gross National Product by End Use.

The composition of Soviet output is revealed by the distribution of gross national product (GNP) into end-use categories of consumption, investment, defense, and administration. In A, below, GNP at established prices, as calculated in the Consolidated Production Account (see II, E, 1, p. 65, above), is distributed by end use. In B, below, the end-use distribution of GNP is adjusted to a factor-cost basis in order to reflect more closely the allocation of resources among end uses.

A. GNP at Established Prices.

GNP at established prices is classified into end-use categories by regrouping the expenditures in the Consolidated Production Account (see II, E, 1, p. 65, above). Government current expenditure on goods and services is distributed according to purpose, and military capital formation is transferred from Gross Capital Formation into Defense. The components of each end-use category are shown in Table 1\* and are discussed below.

1. Consumption.

a. Consumers' expenditures on goods and services are taken from the Consolidated Production Account (see II, E, 1, p. 65, above).

b. Communal expenditure on goods and services for consumption is composed of government current expenditure on health and education plus total expenditures of public organization (excluding the Communist Party).

The sum of 79.9 billion rubles is composed of the following: wages of health and education workers, 48.0 billion rubles; wages of workers and employees of public organizations, 2.2 billion rubles (3.6 billion rubles in II, D, 1, a, (1), (d), p. 50, above, minus 1.4 billion rubles paid to Communist Party workers whose wages are classified as administrative); social insurance payments made by these workers and employees, 2.3 billion rubles (total of 2.8 billion rubles in II, D, 1, a, p. 50, above, minus 0.5 billion rubles paid to other categories); 25.3 billion rubles expended on materials for health and education (current expenditures excluding investment and capital repairs); and 2.1 billion rubles for public organization expenditures on materials (total of 3.5 billion rubles in II, D, 1, c, p. 51, above, minus 1.4 billion rubles spent by the Communist Party on current purchases of materials).

\* Table 1 follows on p. 74.

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Table 1

Distribution of Soviet Gross National Product  
at Established Prices, by End Use  
1950

	Billion Rubles
1. Consumption	<u>752.3</u>
a. Consumers' expenditure on goods and services	672.4
b. Communal expenditure on goods and services	79.9
2. Investment	<u>184.6</u>
a. Gross capital formation	189.4
b. Less: Military capital formation	7.8
c. Research and development programs	3.0
3. Defense	<u>113.0</u>
a. Military procurement and operations	26.3
b. Government current purchases for defense programs	17.6
c. Military personnel -- civilian pay	3.7
d. Military pay	26.6
e. Military subsistence	31.0
f. Military capital formation	7.8
4. Administration	<u>31.9</u>
a. General administration	13.4
b. Internal security	9.1
c. Communist Party	2.9
d. Other	6.5
Total	<u>1,081.8</u>

2. Investment.

From gross capital formation (from II, E, 1, p. 65, above) of 189.4 billion rubles is deducted the sum of military capital repairs, 0.5 billion rubles, and military fixed investment, 7.3 billion rubles

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(see II, D, 3, c, p. 63, above, and Appendix C, section 1, below), or a total of 181.6 billion rubles. To this amount is added 3.0 billion rubles for research and development programs.

3. Defense.

Total defense end use of 113.0 billion rubles comes from the following components: 17.6 billion rubles for the defense program; 26.3 billion rubles from military procurement and operations; 3.7 billion rubles as pay for civilians employed by military organizations; 26.6 billion rubles of military pay; 31.0 billion rubles of military subsistence; and 7.8 billion rubles of military capital formation, of which 0.5 billion rubles are for capital repair and 7.3 billion rubles are for new fixed investment.

The total of defense expenditures derived in this report represents total explicit expenditures for defense as reported in the budget plus an estimate of militarized internal security expenditures and residuals of expenditures from both the budget category Financing the National Economy and the officially unitemized portion of the budget. The total of these expenditures, 113.0 billion rubles, may be compared with an alternative figure derived by pricing, in some detail, estimates of Soviet military purchases and activities during 1950. This latter figure, 148.0 billion rubles, however, is not strictly comparable with the estimate derived for national income purposes. 140/ Included in the larger total but not in the defense estimate for this report are military pensions, payments to reserve members while on reserve duty by economic enterprises, and an estimate of military research and developmental expenditures charged to economic enterprises and the social-cultural sector of the economy.

Military pensions are treated in this report as transfer payments from the government to households, and the payments to reserve members while on reserve duty by economic enterprises have been included in the calculation of the economic enterprise wage bill. The financing of military research and development performed by the educational system is already included in the social-cultural vote of the budget and appears in the national accounts as communal consumption. In addition, it is quite probable that a portion of the government purchase of research and development from economic enterprises represents military-oriented activity.

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The two estimates of defense expenditures may be adjusted conceptually in the following manner:

		Billion Rubles	
National Income Estimate		Price-Derived Estimate	
Total	113.0	Total	148.0
plus:		less:	
a. Military-oriented re- search and development performed by economic and social-cultural enterprises	3.0	a. Military pensions	2.6
		b. Payments to re- servists by economic enterprises	2.5
	<u>116.0</u>		<u>142.9</u>

The resulting difference of 26.9 billion rubles cannot possibly be covered by assuming that all remaining undefined budgetary expenditures can be considered to be implicit defense outlays. The difference, however, might be explained substantially by the uncertainties surrounding these two estimates.

#### 4. Administration.

a. General administration expenditures of 13.4 billion rubles are the sum of wages of 8.9 billion rubles, social insurance payments of 0.4 billion rubles, and material purchases of 4.1 billion rubles (see II, D, 1, p. 48, above).

b. Internal security expenditures of 9.1 billion rubles are the sum of wages of 4.6 billion rubles and material purchases of 4.5 billion rubles.

c. Communist Party expenditures are the sum of wages, 1.4 billion rubles; social insurance payments, 0.1 billion rubles; and materials purchased, 1.4 billion rubles, making a total of 2.9 billion rubles.

d. Miscellaneous budget expenditures come from II, D, 1, c, (9), p. 53, above, a total of 6.5 billion rubles, and it is assumed here that these purchases were for general administrative purposes rather than for consumption, investment, or defense.

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On the basis of this end-use distribution, appropriate ruble-dollar ratios may be applied to convert Soviet GNP at established prices from rubles into dollars. Ratios in source 141/ indicate that 1950 Soviet GNP of 1,081.8 billion 1950 rubles was equivalent to about 87 billion 1950 US dollars.

B. GNP at Adjusted Factor Cost.

The breakdown of GNP at adjusted factor cost by end use is obtained by distributing indirect taxes, subsidies, and the statistical discrepancy among the four end uses and deducting them from (or, when appropriate, adding them to) the end-use totals at established prices.

Table 2\* shows the interrelation of GNP and national income magnitudes for total product.

The adjustments are shown in Table 3.\*\* In this table, turnover taxes are distributed by end use by identifying final product expenditures subject to turnover tax (column B), and, in the absence of information on tax rates on individual commodities or groups, by applying the average effective rate of taxation.

Both explicit turnover taxes actually collected and imputed turnover taxes included in the portion of farm household income-in-kind priced at state retail prices (which include turnover tax) must be deducted. The average effective rate of turnover taxation is determined by dividing explicit turnover tax collections by total explicit final product expenditures subject to the tax. The resulting rate of 57.83 percent in 1950 is applied to these expenditures in order to deduct the appropriate amount of turnover tax from each end use (column D).

Then other enterprise taxes are distributed by end use (column E) on the assumption that they were passed along by enterprises equally in each ruble of explicit final product sales. The necessary distribution by end use of explicit final product sales of the Non-agricultural Enterprise Sector -- used to distribute total other enterprise taxes because other enterprise taxes of the Agricultural Enterprise Sector are negligible -- is calculated in Table 4.\*\*\*

Table 5\*\*\*\* shows 2 of the 3 magnitudes shown in Table 2 -- GNP at established prices and GNP at adjusted factor cost -- distributed by end use.†

- \* Table 2 follows on p. 78.
- \*\* Table 3 follows on p. 79.
- \*\*\* Table 4 follows on p. 82.
- \*\*\*\* Table 5 follows on p. 83.
- † Text continued on p. 85.

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Table 2  
 Interrelation of Soviet Gross National Product  
 and National Income Magnitudes  
 1950

	Billion Rubles
GNP at established prices	1,081.8
Less: Indirect taxes	355.7
Explicit turnover taxes	236.1
Imputed turnover taxes	98.1
Other enterprise taxes	21.5
Less: Statistical discrepancy	43.5
Plus: Subsidies	30.6
Equals: GNP at adjusted factor cost	713.2
Less: Capital consumption allowances	29.0
Equals: National income at adjusted factor cost	684.2

Table 3  
 Derivation of Soviet Gross National Product at Adjusted Factor Cost, by End Use  
 1950

Component	Billion Rubles				
	A	B	C	D	E
GNP End Use and Component	GNP at Established Prices	Expenditures Subject to Turnover Tax	Turnover Tax at Effective Rate a/*	GNP Less Turnover Tax	Other Enterprise Taxes b/
End Use	GNP at Established Prices	Expenditures Subject to Turnover Tax	Turnover Tax at Effective Rate a/*	GNP Less Turnover Tax	Other Enterprise Taxes b/
Consumption					
Household state and cooperative retail purchases of goods and services		329.0 c/			
Farm household income-in-kind		169.6			
Forced labor subsistence		14.3			
Materials purchases for health and education		25.3			
Materials purchases of public organizations		2.1 d/			
Subtotal	752.3	540.3	312.5	439.8	12.9
Investment					
Building materials inventories		3.3 f/			
		-12.3 g/			
Subtotal	184.6	-9.0	-5.2	189.8	5.2
Defense					
Military subsistence		31.0			
Petroleum products		2.3 h/			
Subtotal	113.0	33.3	19.3	93.7	2.6
Administration					
Materials purchases		13.2 i/			
Subtotal	31.9	13.2	7.6	24.3	0.5
Total	1,081.8	577.8	334.2	747.6	21.5

\* Footnotes for Table 3 follow on p. 81.



Table 3  
 Derivation of Soviet Gross National Product at Adjusted Factor Cost, by End Use  
 1950  
 (Continued)

		Billion Rubles					
		F	G	H	I	J	K
GNP End Use and Component		GNP Less Indirect Taxes D - E	Statistical Discrepancy J/	Nonagricultural Subsidies k/	Explicit Expenditures on Products of Agricultural Origin l/	Agricultural Subsidies m/	GNP at Adjusted Factor Cost F - G + H + J
End Use	Component						
Consumption	Household state and cooperative retail purchases of goods and services				189.9 n/		
	Farm household income-in-kind				0		
	Forced labor subsistence				11.4 o/		
	Materials purchases for health and education				12.6 p/		
	Materials purchases of public organizations				0		
	Subtotal	426.9	26.1	9.3	213.0	12.2	422.3
Investment	Building materials inventories				0		
	Subtotal	184.3	11.0	6.6	0	0	179.9
Defense	Military subsistence Petroleum products				24.8		
	Subtotal	91.1	5.3	1.0	24.8	1.5	88.3
Administration	Materials purchases				0		
	Subtotal	23.8	1.1	0	0	0	22.7
	Total	726.1	43.5	16.9	238.7	13.7	713.2

Table 3  
Derivation of Soviet Gross National Product at Adjusted Factor Cost, by End Use  
1950  
(Continued)

a. Effective rate of turnover tax as defined here is really the average rate of taxation on all expenditures explicitly subject to turnover tax. Explicit expenditures subject to turnover tax equals total final product expenditures subject to turnover tax minus imputed transactions subject to turnover tax, that is, minus the portion of farm household income-in-kind priced at state retail prices. Effective rate of turnover tax =  $\frac{\text{Turnover tax collections}}{\text{Turnover tax subject to turnover tax}}$ . Explicit expenditures subject to turnover tax equal total final product expenditures subject to turnover tax minus imputed transactions subject to turnover tax (the portion of farm household income-in-kind priced at state retail prices).

Then  $\frac{236.1}{577.8 - 169.6} = \frac{236.1}{408.3} = 57.83$  percent.

b. Other enterprise taxes, of 21.5 billion rubles, are distributed by end use on the assumption that they were passed along equally in each ruble of explicit final product sales. Because indirect taxes of the Agricultural Enterprise Sector are a minor proportion of the total, sales of this sector are disregarded, and total Other Enterprise Taxes are distributed according to the distribution by end use of explicit final product sales of the Non-agricultural Enterprise Sector. The distribution of these sales is estimated in Table 4, p. 82, below. On the basis of these calculations, the percentage shares in its sales of the different end-use categories in 1950 were as follows: Consumption, 59.9; Investment, 25.4; Defense, 12.2; and Administration, 2.5. Application of these percentages to the 21.5-billion-rubles total yields the distribution shown in column E.

c. Total of 329.0 billion rubles from Account 1. Household purchases from state and cooperative retail outlets of goods came to 325.2 billion rubles, and services came to 3.8 billion rubles (see II, A, 2, b, p. 7, above).

d. From the total materials purchased by public organizations of 3.5 billion rubles (see II, D, 1, c, p. 51, above), 1.4 billion rubles for Communist Party purchases is transferred to Administration expenditures on materials.

e. Some investment goods purchased by the collective farm system and which include the turnover tax in the price are not included in this first draft. Such items are trucks and other types of machinery tools and perhaps fertilizer.

f. Purchases of building materials by households and collective farms through state and cooperative retail outlets. <sup>143/</sup>

g. Estimated change in stocks of retail and wholesale organizations. From end of year 1949 to end of year 1950, retail inventories decreased by 11.4 percent, or 8.2 billion rubles. Total inventories of both wholesale and retail organizations at the end of 1950 came to 96.3 billion rubles, two-thirds of which were in retail organizations. Assuming that the same rate of change in stocks held true for wholesale organizations as was true for retail organizations -- a decrease of 11.4 percent -- the total change in stocks of both retail and wholesale organizations would come to an estimated 12.3 billion rubles. <sup>142/</sup>

h. An estimate of 2.1 billion rubles in source <sup>143/</sup> is given in 1951 prices. The petroleum prices in existence in 1951 were the prices as of 1 July 1950, which in turn were 20 percent below (for every product) these prices holding for 1 January to 1 July 1950. Therefore the estimate of 2.1 billion rubles is raised by a price index of 110 to arrive at the average price for oil products in 1950 when 1951 = 100.

i. The sum of materials purchased by General Administration (4.1 billion rubles), Internal Security (4.5 billion rubles), Communist Party (1.4 billion rubles), and half of Miscellaneous Purchases (3.2 billion rubles).

j. By far the largest statistical discrepancy was found in the production account of the Nonagricultural Enterprise Sector. Therefore, the consolidated statistical discrepancy of 43.5 billion rubles is distributed among the end uses according to the same percentage shares of the Nonagricultural Enterprise Sector sales among the end-use categories as were used for the distribution of other enterprise taxes (see b, above).

k. Of total nonagricultural subsidies of 16.9 billion rubles, 6.0 billion rubles were devoted to compensating agricultural procurement organizations for price differentials; these subsidies were therefore attributed to the consumption end use. Of the remaining 10.9 billion rubles, a rather arbitrary distribution is made among end uses -- 1 billion rubles for defense; 6.6 billion rubles for investment (two-thirds of remainder) and 3.3 billion rubles (one-third of remainder) for consumption; or combined with subsidies of procurement organizations, a total of 9.3 billion rubles for consumption.

l. Column I is added in order to derive proportional expenditures (by end use) of products of agricultural origin in order to distribute by end use the agricultural subsidies. The expenditures considered here relate to food products only. It is assumed that expenditures on all products of agricultural origin were distributed by end use in the same proportions as those for food.

m. Agricultural subsidies are distributed by end use in the same proportions as estimated expenditures on food products in column I, where, of the total of 238.8 billion rubles, Consumption accounts for 89.6 percent and Defense for 10.4 percent. Application of these percentages to the 13.7-billion-ruble total subsidies for agriculture yields the distribution in column J.

n. Estimated at 58.4 percent of 325.2 billion rubles (see footnote c, above) -- 58.4 percent is the share which food purchases represented of total purchases through state, cooperative, and public feeding sales. <sup>144/</sup>

o. Based on the military subsistence distribution of 80 percent for food and 20 percent for clothing. <sup>145/</sup>

p. Arbitrarily assumed to be half of the total of 25.3 billion rubles.

Table 4  
 Distribution of Explicit Final Product Sales  
 of the Soviet Nonagricultural Enterprise Sector, by End Use a/  
 1950

Purchaser	Account	Type of Purchase	Billion Rubles				
			Consumption	Investment	Defense	Administration	
Household	Appropriation	State and cooperative retail purchases of goods	325.2				
		Services	34.5				
		Rent of state housing	3.3				
Nonagricultural	Capital	Forced labor subsistence	14.3				
		New fixed investment		2.4			
Agricultural	Capital	Gross capital formation	139.5				
		Total purchases from Nonagricultural Enterprise Sector		19.1			
Government	Production	Health and education					
		General administration	25.3			4.1	
		Military subsistence			31.0		
		Military procurement and operations			26.3		
		Internal security				4.5	
		Defense programs			17.6		
		Research and development programs		3.0			
		Public organizations				1.4	
		Miscellaneous		2.1			6.5
		Government capital formation			7.6	7.8	
Total			404.7	171.6	82.7	16.5	
						675.5	

a. Explicit final product sales of 675.5 billion rubles are equal to total Nonagricultural Enterprise Production Account sales of 704.3 billion rubles less sales of intermediate products (sales of materials to the Agricultural Enterprise Production Account, 16.2 billion rubles) and imputed sales (imputed rent, 8.8 billion rubles, and investment-in-kind in private housing construction, 3.8 billion rubles).

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Table 5  
Soviet Gross National Product at Established Prices  
and at Adjusted Factor Cost, by End Use  
1950

End Use	At Established Prices		At Adjusted Factor Cost	
	Billion Rubles a/	Percent of Total	Billion Rubles b/	Percent of Total
Consumption	752.3	69.5	422.3	59.2
Investment	184.6	17.1	179.9	25.2
Defense	113.0	10.4	88.3	12.4
Administration	31.9	3.0	22.7	3.2
Total	1,081.8	100.0	713.2	100.0

a. From Table 1, p. 74, above.

b. From Table 3, p. 79, above.

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~~SECRET~~IV. National Income by Sector of Origin.

Distribution of national income by sector of origin shows the structure of the economy by measuring the contribution of each of its sectors to total national income. In this part of the report the Soviet economy has been divided into the following sectors of origin: industry, construction, agriculture, transport, communications, domestic trade, government services, and other services. In A, below, national income at factor cost, calculated at 782.4 billion rubles in the Consolidated Appropriation Account (see II, E, 2, p. 67, above), is distributed by sector of origin and by type of factor payment. In B, p. 96, below, national income is adjusted to remove imputed turnover taxes included in the figure for farm household income-in-kind. The result shows the distribution by sector of origin of net national product or national income at adjusted factor cost, calculated at 684.2 billion rubles in Table 2.\*

A. National Income at Factor Cost.

In Table 6,\*\* national income at factor cost is distributed by sector of origin and by type of factor payment. The total of 782.4 billion rubles is from the Consolidated Appropriation Account. National income was derived independently for each sector of origin, with the exception of the Other Services category. This category consists of income originated in personal services, housing, and miscellaneous services, such as foreign trade. It was not possible to estimate the wage and profit components of outlays for services and housing, and consequently they have been included with the statistical discrepancy as a residual in the last row of the table.

Income originated in each sector is divided into four components: wages and other cash household income, income-in-kind, social insurance, and profits. Because land and capital (with minor exceptions) belong to the state, these factors of production are not compensated with explicit factor payments recorded in money flows, aside from minor exceptions, such as rent of state housing and interest on bank deposits. Although the "profit motive" does not determine decisions to organize new enterprises and undertake new activities in the USSR, as it does in Western free enterprise economies, profits as reported in Soviet money flows do constitute a factor payment. The Soviet profit concept has elements of rent and interest because profits are calculated in relation to cost of production -- which in turn is related to the amount of fixed and working capital invested in the enterprise -- and are set at an average level or within a "normal" range, implying a notion of average rate of return.

The derivation of each figure in Table 6 is discussed below.

\* P. 78, above.

\*\* Table 6 follows on p. 86.

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 Table 6  
 Soviet National Income at Factor Cost, by Sector of Origin and by Type of Factor Payment  
 1950

Sector of Origin	Type of Factor Payment					Total
	Wages and Other Cash Household Income	Income-in- Kind	Social Insurance	Profits	Total	
Industry	136.2	0	9.8	35.3	181.3	
Construction	32.9	3.8	2.6	0	39.3	
Agriculture	71.7	205.5	0.6	12.4	290.2	
Transport	16.7	0	1.3	6.7	24.7	
Communications	3.5	0	0.2	1.2	4.9	
Domestic trade	17.7	0	0.7	5.4	23.8	
Government services	95.4	31.0	2.8	0	129.2	
Other services and statistical discrepancy	41.6	23.1	1.6	22.7	89.0	
Total	<u>415.7</u> a/	<u>263.4</u>	<u>19.6</u>	<u>83.7</u>	<u>782.4</u>	

a. This figure differs from 416.5 billion rubles, the figure for wages and other cash household income in the Consolidated Appropriation Account (II, E, 2, a, p. 68, above), by 0.8 billion rubles, profits distributed to cooperative members. In this table these distributed profits are included in profits in order to show the distribution by sector of total profits, whereas in the Consolidated Appropriation Account they are included in wages and other cash household income.

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1. Industry.

a. Wages and Other Cash Household Income.

Total wages and social insurance payments in industry are estimated at 146 billion rubles for 1950 and 220 billion rubles for 1955 on the basis of a study of costs in Soviet industry. 146/ The total cost of production (sebestoimost') in Soviet industry in 1950 was estimated at 485 billion rubles, and for 1955 at 781 billion rubles. This estimate was based primarily on a large number of statements in Soviet sources regarding possible savings from reductions in sebestoimost'. For example, Kaganovich reported in 1954 that a reduction of 1 percent in sebestoimost' in state industry would result in a saving of 5 billion rubles 147/; another source stated that in 1955 a 1-percent reduction in sebestoimost' would result in a saving of nearly 7 billion rubles. 148/

On the basis of a Soviet analysis of costs, 149/ payments for labor are taken in 1950 to be equal to 27 percent of total sebestoimost' of 485 billion rubles, or 131 billion rubles, and for 1955 to be equal to 25 percent of total sebestoimost', or 195 billion rubles. This figure includes wages, social insurance charges, other payments (such as bonus and premium compensation to workers), and an allowance for the cost of loading, storing, and again loading finished products. In addition to this, an allowance of 1 percent of total sebestoimost' is added in both years to cover labor costs involved in loading, storing, and unloading incoming materials in factories. The resulting totals of 136 billion rubles for 1950 and 203 billion rubles for 1955 represent the labor cost bill for industry at the plant level. A further addition, however, of 2 percent of the estimated gross value of output in 1950 and 1955 is made to allow for wages paid by sales and supply organs of industrial ministries, higher administrative organs, and research and design organizations. This brings the total labor bill in industry, including social insurance, to 146 billion rubles in 1950. To derive the social insurance payments for 1950, it is necessary to use the relationship existing in 1955 between social insurance payments and the industrial wage bill. In other sectors (Government and Cooperatives) the ad valorem principle of social insurance payments appears to be valid; therefore, lacking more current rates, the average deduction for 1955 is used. In 1955, social insurance payments amounted to 7.2 percent of the total industrial wage bill. 150/

Therefore, by assuming the same rate, the total labor cost of 146.0 billion rubles in 1950 is 107.2 percent of the wage bill. The wage bill comes to 136.2 billion rubles, leaving 9.8 billion rubles for social insurance.

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b. Income-in-Kind.

None.

c. Social Insurance.

See a, p. 87, above.

d. Profits.

Profits in 1950 (including subsidies not covered by ministerial redistribution) were 35.3 billion rubles. 151/

2. Construction.

a. Wages and Other Cash Household Income.

Wages are estimated to total 32.9 billion rubles, of which wages of workers engaged in new state construction are estimated to be 26.0 billion rubles; wages of workers engaged in state capital repair, 5.9 billion rubles; and wages paid to outside workers engaged in kolkhoz construction and repair, 1.0 billion rubles.

The wages of workers engaged in new state construction are based on the following method. In 1950, 46 percent of total expenditures for construction-installation work for centralized investment consisted of wages and social insurance payments. 152/ From this are deducted 3 percent for social insurance and 5 percent for wage payments of workers engaged in subsidiary production of construction materials. 153/ This leaves a balance of 38 percent of the total state construction-installation bill for wages -- 38 percent of 68.4 billion rubles, or 26.0 billion rubles, in wages.

To derive the wage bill of 5.9 billion rubles for capital repair, it is assumed that the share of wages in total state capital repair is the same as for new construction, or 22.8 percent. The 22.8 percent is the result of assuming that 60 percent of total investment costs were made up of charges for construction-installation and that therefore 38 percent (portion of wages) of 60 percent gives labor costs as 22.8 percent of total investment costs. The 22.8 percent applied to the total capital repair bill of 26 billion rubles (see Appendix C, section 2) gives a wage bill of 5.9 billion rubles.

The 1-billion-ruble wage bill for outside workers engaged in kolkhoz construction and repair is estimated by assuming that 70 percent of total kolkhoz investment (exclusive of livestock increases) is made up of construction-installation work. Seventy percent of total kolkhoz investment (new and capital repair) of 7.4 billion rubles comes to 5.2 billion

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rubles. Of this total, 40 percent, or 2.1 billion rubles, is estimated to be wages. Of the 2.1 billion rubles, 1.1 billion rubles are assumed to be wages for outside labor and 1 billion rubles for labor-in-kind.

b. Income-in-Kind.

Income-in-kind is the result of labor furnished by individuals in building their own houses, valued at 3.8 billion rubles (see II, B, 2, a, (6), p. 25, above).

c. Social Insurance.

Social insurance payments came to 3 percent <sup>154/</sup> of total state construction-installation expenditures. <sup>155/</sup> The same relationship is assumed for capital repairs. Therefore, total social insurance comes to 2.6 billion rubles -- that is, 3 percent of 68.4 billion rubles, or 2.1 billion rubles, plus 3 percent of 15.6 billion rubles, or 0.5 billion rubles.

d. Profits.

Construction activity was subsidized in 1950; therefore, profits are assumed to be zero.

3. Agriculture.

a. Wages and Other Cash Household Income.

Total cash household income originated in the Agricultural Enterprise Sector is estimated at 71.7 billion rubles, the difference between total payments of agricultural enterprises to the Household Sector of 277.2 billion rubles and income-in-kind, 205.5 billion rubles (see II, C, 2, a, p. 38, above).

From this must be taken some allowance for income foregone by farmers who participate in market activity. The allowance of 2 billion rubles estimated in the 1955 accounts <sup>156/</sup> will tentatively be used in these accounts. Therefore, wages and other household income total 69.7 billion rubles, and the 2 billion rubles of difference is classified as income originating in trade.

b. Income-in-Kind.

The item of 205.5 billion rubles is discussed in Appendix B, section 4.

c. Social Insurance.

The item of 0.6 billion rubles is shown in II, C, 2, b, (2), p. 43, above.

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d. Profits.

Profits are the sum of direct taxes of 2.6 billion rubles and savings of 9.8 billion rubles (see II, C, 2, b, (1), and c, pp. 43 and 44, respectively, above).

4. Transport.

a. Wages and Other Cash Household Income.

The wage bill of 16.7 billion rubles was estimated by analyzing cost breakdowns by type of transport. Wages in railroad transport of 15.5 billion rubles; in maritime transport, 0.3 billion rubles; in river transport, 0.5 billion rubles; and in motor transport, 0.4 billion rubles, are calculated below. This method of estimation is based on the calculation of the total cost of production (sebestoimost') for the various types of transport and then on the application of given percentages as to what proportion of total costs is composed of wages.

Table 7\* shows the computation of sebestoimost' by type of transport for 1950.

(1) Wages in Railroad Transport.

In 1951, wages and social insurance charges were reported to have been 45.9 percent of total sebestoimost'. <sup>157/</sup> This proportion was assumed to hold true for 1950. The planned proportion of social insurance charges for 1952, <sup>158/</sup> 7.5 percent of the wage bill, is also assumed to have been the charge for 1950. Therefore, the total wage and social insurance bill as a percentage of sebestoimost' of 45.9 billion rubles was assumed to be 107.5 percent of the wage bill alone. The wage proportion would be 42.7 percent of the total sebestoimost', or 15.5 billion rubles, and social insurance charges of 7.5 percent of the wage bill would come to 1.2 billion rubles.

(2) Wages in Maritime Transport.

Total expenditures for wages and social insurance were 19.6 percent of sebestoimost' for 1953. <sup>159/</sup> This percentage was accepted for 1950. Social insurance charges in a later reference are given as 6.7 percent of sebestoimost'. <sup>160/</sup> Therefore, wages alone are estimated to have comprised 18.3 percent of all costs, or, when applied to data in Table 7, a wage bill of 0.3 billion rubles is indicated.

\* Table 7 follows on p. 91.

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Table 7  
Soviet Computation of Transport Sebestoimost' a/  
1950 and 1955

Item	Unit	1950	1955
Rail freight (7)	Billion ton-kilometers	602.3	970.9
Rail passenger (12)	Billion passenger-kilometers	88.0	141.4
Total rail carriage times unit sebes-toimost' (24)	Billion ton-passenger-kilometers	690.3	1,112.3
Aggregate rail sebestoimost'	Kopeks	5,252	3,932
Maritime freight (7)	Billion rubles	36.255	43.736
Maritime passenger (12)	Billion ton-kilometers	39.7	68.9
Total maritime carriage times unit sebes-toimost' (24)	Billion passenger-kilometers	1.2	1.5
Aggregate maritime sebestoimost'	Billion ton-passenger-kilometers	40.9	70.4
River freight (116) b/	Kopeks	3.74	2.97
River passenger (116) b/	Billion rubles	1.530	2.091
Total river carriage times unit sebes-toimost' (24) b/	Billion ton-kilometers	45.9	67.4
Aggregate river sebestoimost' b/	Billion passenger-kilometers	2.7	3.6
Motor freight (165) b/	Billion ton-passenger-kilometers	48.6	71.0
Motor passenger (165) b/	Kopeks	4.13	3.66
Aggregate motor freight sebestoimost' b/	Billion rubles	2.007	2.599
Aggregate motor passenger sebestoimost' b/	Billion ton-kilometers	0.927	9.261
Aggregate transport sebestoimost'	Kopeks	73.6	50.8
Aggregate motor freight sebestoimost' (183) b/	Billion rubles	0.682	4.705
Aggregate motor passenger sebestoimost' b/	Billion passenger-kilometers	5.2	20.9
Aggregate transport sebestoimost'	Kopeks	11.2	8.0
Aggregate transport sebestoimost'	Billion rubles	0.582	1.672
Aggregate transport sebestoimost'	Billion current rubles	41.056	54.803

a. Figures in parentheses refer to page numbers in source 161/.

b. "General use" only.

(3) Wages in River Transport.

The 1953 wage component of 23.9 percent 162/ of sebestoimost' is applied to the 1950 costs. This percentage for 1953 was applicable for only about 80 percent of river transport sebestoimost' for that year but presumably reflects the total costs components. Wages of 0.5 billion rubles are indicated.

(4) Wages in Motor Transport.

A 1955 wage component of 14.9 kopeks per ton-kilometer for "general use" motor freight gives a computed 29.3 percent of the total sebestoimost'. 163/ This percentage is taken to be the wage proportion of total auto transport costs for 1950 -- that is, for both motor freight and motor passenger transport. When applied to total sebestoimost', a wage bill of 0.4 billion rubles is indicated.

b. Income-in-Kind.

Negligible amount indicated for crew's messes in maritime transport.

c. Social Insurance.

Total social insurance charges are computed at 1.3 billion rubles. Social insurance charges on railroad transport workers of 1.2 billion rubles were indicated above (see a, p. 90, above). The same rate, 7.5 percent, that held for rail transport is used for motor transport, thus indicating social insurance payments of 0.03 billion rubles. For river and maritime transport, sources used above in determining proportion of sebestoimost' resulting from wage payments indicated a social insurance rate of 6.7 percent of wage payments, or 0.05 billion rubles. A total of 1.28 billion rubles is rounded to 1.3 billion rubles.

d. Profits.

Total profits of 6.7 billion rubles are composed of 6.3 billion rubles in rail transport 164/ and 0.4 billion rubles in motor transport. Profits from motor transport are estimated on the basis of computed 1955 profits and an assumption that revenues per ton-kilometer in 1950 were one-fourth greater than in 1955.

5. Communications.

a. Wages and Other Cash Household Income.

The total wage bill of 3.5 billion rubles is estimated by multiplying an estimated average wage of 6,575 rubles per worker times

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the total number of workers and employees. The average wage of 6,575 rubles was derived from a study of fragmentary data concerning wages in the industry. 165/

The reported number of full-time communications workers and employees for 1950 is 542,000. 166/ Multiplying this figure by the average wage results in the total wage bill of 3.5 billion rubles.

b. Income-in-Kind.

None.

c. Social Insurance.

The social insurance charges of 0.2 billion rubles were obtained by applying the given rate of 6.1 percent 167/ to the wage bill of 3.5 billion rubles.

d. Profits.

Profits of 1.2 billion rubles are obtained by subtracting total cost of 5.9 billion rubles from total revenues of 7.1 billion rubles. Total costs in communications are computed on the basis that the labor cost of 3.5 billion rubles comprised about 60 percent of the total costs in communications. 168/ Total revenues for 1950 of 7.1 billion rubles came from an official source. 169/

6. Domestic Trade.

a. Wages and Other Cash Household Income.

Total wage costs of 17.7 billion rubles are the sum of wages of five component parts: 7.6 billion rubles in retail trade, 1.3 billion rubles in wholesale trade, 3.3 billion rubles in public feeding establishments, 3.5 billion rubles in administrative and service costs, and 2.0 billion rubles for trade income originating in the Agricultural Enterprise Sector (see 3, a, p. 89, above).

(1) Wages in Retail Trade.

In 1950, wages of retail trade personnel accounted for 2.42 percent of the total volume of retail trade. 170/ Costs data covered only 309.5 billion rubles of a total volume of 312.2 billion rubles, but the 2.42 percent was assumed to apply to the whole.

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(2) Wages in Wholesale Trade.

In 1950, total costs in wholesale trade were 5.54 billion rubles, 171/ and wages were 24.2 percent of the costs of wholesale trade under the Ministry of Trade. 172/ As most of wholesale trade is now conducted by the Ministry of Trade, this percentage was applied to the whole.

(3) Public Feeding Establishments.

In 1950, wage costs amounted to 6.94 percent of the total volume of public feeding of 47.7 billion rubles. 173/

(4) Administrative and Service.

Other wage costs of 3.5 billion rubles involve wages of transport workers, guards, and administrative personnel.

(a) Transport Workers.

In 1950, transport workers' wages were an estimated 40 percent of transport costs; transport costs in turn were (1) 16.7 percent 174/ of total state trade costs of 12.8 billion rubles 175/ and (2) 21.8 percent of total cooperative trade costs of 8.4 billion rubles. Therefore, transport workers' wages in 1950 were 40 percent of 3.9 billion rubles, or 1.6 billion rubles.

(b) Guards.

In 1950, guards' wages were an estimated 18 percent 176/ of maintenance costs; maintenance costs in turn were (1) 19.7 percent of total state trade costs of 12.8 billion rubles 177/ and (2) 9.9 percent of total cooperative trade costs of 8.4 billion rubles. Therefore, guards' wages were 18 percent of 3.3 billion rubles, or 0.6 billion rubles.

(c) Administrative Personnel.

Administrative costs were estimated to consist solely of wages for administrative personnel. In 1950, these costs were (1) 6.0 percent 178/ of total state trade costs of 12.8 billion rubles and (2) 5.4 percent of total cooperative trade costs of 11.0 billion rubles. Therefore, administrative wages in 1950 were 1.3 billion rubles.

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b. Income-in-Kind.

None.

c. Social Insurance.

Social insurance rates are 4.8 percent on state wages and 4.1 percent on consumer cooperative wages. 179/ For this research aid an average of 4.5 is used. Applied to the total relevant wage bill, this mean gives a social insurance bill of 0.7 billion rubles.

d. Profits.

This entry is the sum of profits of the Ministry of Trade, 3.0 billion rubles; workers' supply organizations, 0.5 billion rubles; and consumer cooperatives, 1.9 billion rubles. 180/

7. Government Services.

a. Wages and Other Cash Household Income.

(See II, D, 1, a, p. 50, above.)

b. Income-in-Kind.

Item of 31.0 billion rubles for military subsistence (see II, D, 1, c, p. 51, above).

c. Social Insurance.

(See II, D, 1, b, p. 51, above.)

d. Profits.

None.

8. Other Services and Statistical Discrepancy.

a. Wages and Other Cash Household Income.

This entry of 41.6 billion rubles is a residual equal to the difference between the total and the sum of entries for the preceding 7 sectors. The total, 415.7 billion rubles, is equal to total cash household income of 416.5 billion rubles (see II, E, 2, a, p. 68, above) less profits distributed to cooperative members, 0.8 billion rubles (see II, B, 2, a, (2), p. 24, above).

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b. Income-in-Kind.

Income-in-kind in services consists of imputed rent of 8.8 billion rubles (see II, A, 2, b, (1), (d), p. 11, above) and forced labor subsistence of 14.3 billion rubles (see II, B, 2, a, (7), p. 25, above).

c. Social Insurance.

This entry is a residual equal to the difference between total payments of 19.6 billion rubles (see II, D, 2, g, (3), p. 59, above) and the sum of payments of the 7 preceding sectors.

d. Profits.

This entry is the difference between total profits of 83.7 billion rubles and the profits of the other sectors, 61.0 billion rubles. Total profits are the sum of direct taxes and related payments, 43.6 billion rubles; saving of enterprises, 39.3 billion rubles (see II, E, 2, e, p. 69, above); and profits distributed to cooperative members, 0.8 billion rubles (see II, B, 2, a, (2), p. 24, above).

B. National Income at Adjusted Factor Cost.

In order to show national income and its sector distribution on the same adjusted factor-cost basis as GNP, it is necessary to remove imputed turnover taxes from national income at original factor cost. These imputed turnover taxes are included in farm household income-in-kind (205.5 billion rubles) because it was valued in part (35.9 billion rubles) at collective farm market prices, which do not include turnover tax, and in part (169.6 billion rubles) at state retail prices, which do include turnover tax (see Appendix B, section 4). In Table 3\* the average effective rate of the turnover tax was calculated at 57.83 percent in 1950. At this rate, 98.1 billion rubles of the 169.6 billion rubles priced at state retail prices constitute imputed turnover taxes. This sum must be deducted from income originated in agriculture, 290.2 billion rubles (see Table 6\*\*), to arrive at the adjusted factor cost for agriculture.

The results of this adjustment, together with the statistical discrepancy, present the distribution by sector of origin of national income at adjusted factor cost, as shown in Table 8.\*\*\*

\* P. 79, above.

\*\* P. 86, above.

\*\*\* Table 8 follows on p. 97.

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Table 8

Soviet National Income at Adjusted Factor Cost, by Sector of Origin a/  
1950

<u>Sector</u>	<u>Billion Rubles</u>	<u>Percent of Total</u>
Industry	181.3	26.5
Construction	39.3	5.7
Agriculture	192.1	28.1
Transport	24.7	3.6
Communications	4.9	0.7
Domestic trade	23.8	3.5
Government services	129.2	18.9
Other services and statistical discrepancy	88.9 <u>b/</u>	13.0
Total	<u>684.2</u>	<u>100.0</u>

a. National income at adjusted factor cost in this table differs from national income at original factor cost in Table 6 (p. 86, above) by the amount of imputed turnover taxes included in farm household income-in-kind, 98.1 billion rubles. This sum has been deducted from the agriculture and total figures in Table 6 to derive this table.

b. This figure differs from that in Table 6 because of statistical discrepancy.

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APPENDIX A

SOVIET NATIONAL ACCOUNTS, 1950:  
CLASSIFICATION OF BUDGET REVENUES AND EXPENDITURES

The purposes of this appendix are to show how Soviet budget revenues and expenditures are classified in the national accounts and to derive certain national accounts entries as budget residuals. In Tables 9\* and 10,\*\* respectively, the total amount of each budget revenue and expenditure item is distributed among the corresponding entries in the accounts of the Government Sector, where the sources and methodology for most of these entries are discussed (see II, D, p. 48, above). The remaining entries are derived here as residuals representing the undistributed portions of the corresponding budget items.

\* Table 9 follows on p. 100.

\*\* Table 10 follows on p. 101.

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Table 9  
Soviet National Accounts, 1950: Classification of Budget Revenues

Budget Item	Amount	Classification		Amount'
		Government Sector Account	Entry	
Turnover tax	236.1		Taxes on enterprises (turnover taxes)	236.1
Profits tax	40.4	Appropriation	Taxes on enterprises (profits taxes)	38.3
MIS revenue	3.6	Capital	Capital transfers from Nonagricultural Enterprise Sector	2.1
		Appropriation	Transfers to Agricultural Enterprise Sector (grants to cover losses)	3.6
Income taxes on enterprises	5.5	Appropriation	Taxes on enterprises (income taxes)	4.7
State loan	31.0	Capital	Taxes on enterprises (other enterprise taxes)	0.8
			Capital transfers from Household Sector	
			Net purchase of government bonds	27.9
			Additions to savings deposits	3.1
Taxes on the population	35.8	Appropriation	Taxes on households	35.8
Social insurance	19.6	Appropriation	Receipts from own sector	2.8
Local taxes	6.7	Appropriation	Social insurance	16.8
Collections and nontax revenue	13.4	Appropriation	Taxes on households <sup>a/</sup>	3.3
Customs and reparations	25.8 <sup>c/</sup>	Appropriation	Taxes on enterprises (other enterprise taxes)	3.4
Balance in republic and local budgets	1.7 <sup>c/</sup>	Appropriation	Taxes on households <sup>b/</sup>	3.3
Miscellaneous	3.2	Appropriation	Taxes on enterprises (other enterprise taxes)	10.1
			Reparations	5.0
			Other income	20.8
			Taxes on households <sup>e/</sup>	1.7
			Taxes on enterprises	1.0
Total	422.8			2.2
				422.8

a. It has been assumed that Local Taxes and Fees may be divided equally between households and nonagricultural enterprises. Such taxes consist of levies for the construction of private buildings, land rent, tax for the ownership of automobiles and other means of transport, and collective market fees.

b. One-fourth of Collections and Nontax Revenue is assumed to be paid by households, the other three-fourths are assumed to be paid by non-agricultural enterprises. These fees include such items as payments for mining of peat for fuel, payments for automobile inspection, patent fees paid by cooperative organizations, income from confiscated property, various court fees, and the like.

c. Actual amount is assumed to be equal to plan.

d. Of the total 25.8 billion rubles income from customs and reparations, it is assumed that 5 billion rubles consist of customs and other payments by enterprises and that the remaining 20.8 billion rubles come from reparations.

e. Miscellaneous budget revenue is composed of various items such as tuition payments by the population and forest fees. Payments by the population have been assumed to be equal to 1 billion rubles to include 0.8 billion rubles in tuition payments estimated above and other miscellaneous fees paid by the population. The remaining 2.2 billion rubles are assumed to be paid by enterprises.

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Table 10  
Soviet National Accounts, 1950: Classification of Budget Expenditures

Budget Item	Amount \$/*	Classification		Amount
		Government Sector Account	Entry	
Financing the national economy	157.6	Production	Purchases from Nonagricultural Enterprise Sector b/	14.3
			Defense programs	3.0
			Research and development programs	
		Appropriation	Transfers to Nonagricultural Enterprise Sector	10.9
			Subsidies	6.0
			Grants to procurement	
			Transfers to Agricultural Enterprise Sector	8.2
			Subsidies	9.1
			MIS Grant	
		Capital	Capital transfers to other Sectors	
			Monocultural Enterprise Sector	77.6
			New fixed investment	4.8
			Increase in working capital norms	
			Agricultural Enterprise Sector	12.6
			New fixed investment	1.6
			Capital repair	2.5
			Increase in working capital norms	
Social-cultural measures	116.7	Production	Government capital formation (other)	7.0
			Wages of government civilian employees (health and education)	48.0
			Purchases from Nonagricultural Enterprise Sector (health and education)	25.3
			Social insurance	2.4

\* Footnotes for Table 10 follow on p. 103.

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Table 10  
Soviet National Accounts, 1950: Classification of Budget Expenditures  
(Continued)

Budget Item	Amount \$/	Classification		Amount
		Government Sector Account	Entry	
Administration	13.9	Appropriation	Transfers to Household Sector	32.9
			Pensions	4.0
			Stipends	0.7
			Dues and other payments to public organizations	
			Government capital formation	
			Capital repair	1.4
			New fixed investment	2.0
			Wages of government civilian employees (general administration)	8.9
			Social insurance	0.4
			Purchases from Nonagricultural Enterprise Sector (general administration)	4.1
Defense	82.8	Production	Government capital formation	0.5
			New fixed investment	20.5
			Military pay	3.7
			Wages of government employees (military personnel)	
			Purchases from Nonagricultural Enterprise Sector	
			Military subsistence	25.2
			Military procurement and operations	26.3
			Military pensions	2.6
			Government capital formation	4.0
			New fixed investment	0.5
Loan service	5.1	Appropriation	Transfers to Household Sector	2.8
			Interest	
			Net Purchase of Government Bonds	2.3
			Net loans to other sectors	3.0
			Capital repair	
			Government capital formation	
			Capital repair	
			Government capital formation	
			Capital repair	
			Government capital formation	
Grants to special banks	3.0	Capital	Net Purchase of Government Bonds	2.3
			Net loans to other sectors	3.0

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Table 10  
 Soviet National Accounts, 1950: Classification of Budget Expenditures  
 (Continued)

Budget Item	Amount <sup>a/</sup>	Classification		Amount
		Government Sector Account	Entry	
Internal Security	21.0	Production	Wages of government civilian employees (internal security) Military pay Purchases from Nonagricultural Enterprise Sector	4.6 6.1
Other expenditures	13.1	Production	Military subsistence Internal security purchases Purchases from Nonagricultural Enterprise Sector	5.8 4.5
			Defense purchases <sup>c/</sup> Miscellaneous purchases <sup>d/</sup>	3.3 6.5
		Capital	Capital Transfers to Nonagricultural Enterprise Sector (for defense) <sup>c/</sup>	3.3
Total	<u>413.2</u>			<u>413.2</u>

a. 181/  
 b. Residual, obtained by subtracting Appropriation and Capital Account entries from the total budget allocation to Financing the National Economy. It is assumed that 3.0 billion rubles of these funds were allocated to research- and development-type activities to master production and introduce technical improvements. The remaining 14.3 billion rubles are assumed to be devoted to military programs and are classified as a current purchase of goods and services by the Government Sector from the Nonagricultural Enterprise Sector.  
 c. Unspecified expenditures in the Soviet budget total 13.1 billion rubles. It is assumed that of this total, half, or 6.6 billion rubles, was devoted to military expenditures and was divided as follows: one-half, or 3.3 billion rubles, represents investment for defense purposes and is therefore classified as a Capital Transfer from the Government Sector to the Nonagricultural Enterprise Sector; the remaining 3.3 billion rubles are a current purchase of goods and services by the Government Sector from the Nonagricultural Enterprise Sector.  
 d. The remaining half of unspecified expenditures, 6.5 billion rubles, is classified as a miscellaneous purchase by the Government Sector of goods and services from the Nonagricultural Enterprise Sector.

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APPENDIX B

SOVIET NATIONAL ACCOUNTS, 1950: AGRICULTURAL INCOME AND OUTLAY

In this appendix the incomes and outlays of the principal agricultural producers -- collective farms, state farms, and farm households -- are analyzed in detail, and various entries in the accounts of the Agricultural Enterprise Sector (see II, C, p. 30, above) are estimated. Collective farm expenditures are discussed in 1, below; farm household sales, in 2, p. 109, below; state farm income and outlay, in 3, p. 112, below; and farm households income-in-kind, in 4, p. 114, below.

1. Distribution of Outlays from Collective Farms' Money Income.

In Table 11\* the distribution of outlays by collective farms from their money income in 1950 is estimated. The individual entries, which follow the system used in collective farm accounting, 182/ vary considerably in their precision and reliability as a result of differences in the amount and in the applicability of information available for the different entries. As no exact figures were available from Soviet sources, all data are estimates based on indirect information.

a. Total Money Income.

(See source 183/.)

b. Money Outlay.

Total money income is estimated to have been distributed by type of outlay as follows:

(1) Taxes, Collections, and Insurance Premiums.

(a) Income Taxes.

(See II, D, 2, b, p. 53, above.)

(b) Indirect Taxes.

Only a somewhat arbitrary guess is possible for this category. Included are taxes on the sale of timber, fines for underfulfilling the livestock plan, collective farm market fees, and the like. In all, 1 billion rubles seems to be a reasonable estimate.

\* Table 11 follows on p. 106.

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Table 11

Distribution of Outlays  
from the Money Income of Soviet Collective Farms  
1950

	Billion Rubles
a. Total money income	<u>34.2</u>
b. Money outlay	
(1) Taxes, collections, and insurance premiums	4.6
(a) Income taxes	2.6
(b) Indirect taxes	1.0
(c) Insurance premiums	1.0
(2) Repayments of long-term loans	0.7
(3) Deductions to indivisible funds	5.8
(4) Deductions to social-cultural funds	0.6
(5) Production expenditures	12.1
(a) Payment for work of MIS's	0.7
(b) Payment to hired non- construction workers and specialists	0.4
(c) Additions to inventories	0.4
(d) Materials for current operations	10.6
(6) Administrative-economic expenditures	0.5
(a) Wages of administrative- management personnel	0.4
(b) Office supplies, travel allowances, and the like	0.1
(7) Labor-day payments	9.9
Total	<u>34.2</u>

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(c) Insurance Premiums.

Total payments of insurance premiums are estimated at 1.5 billion rubles, of which 1.0 billion rubles are estimated for agricultural enterprises (see II, D, 2, g, p. 58, above).

(2) Repayments of Long-Term Loans.

Long-term credit extended to collective farms in 1950 amounted to 2.8 billion rubles, of which 1.7 billion rubles were allocated for investment and 1.1 billion rubles were allocated for the purchase of livestock. 184/ It was arbitrarily assumed that one-fourth of total loans was covered by repayment of previous loans, or that repayment amounted to about 0.7 billion rubles.

(3) Deductions to Indivisible Funds.

By statute, deductions from collective farm money income for replenishment of indivisible funds are to be from 15 to 20 percent of collective farm money income. 185/ In 1952 this deduction was 7.4 billion rubles, 186/ or 17.3 percent of collective farm money income of 42.8 billion rubles, 187/ and in 1956 the deduction amounted to 16.7 billion rubles, 188/ or 17.7 percent of collective farm money income of 94.6 billion rubles. 189/ Here it is assumed for 1950 that at least 17 percent of collective farm money income of 34.2 billion rubles, 190/ or 5.8 billion rubles, were deducted for replenishment of indivisible funds.

(4) Deductions to Social-Cultural Funds.

The Model Charter of the Agricultural Artel states that these deductions shall not exceed 2 percent of collective farm money income. 191/ In view of the traditional subordination of consumption-oriented outlays to production-oriented outlays, it is assumed that about 1.7 percent of money income was allocated to social-cultural funds in 1950. It is further assumed that transfer payments to aged and disabled members of the farms comprised the entire amount.

(5) Production Expenditures.

The total of 12.1 billion rubles is a residual equal to the difference between total outlay, 34.2 billion rubles, and the sum of the other 6 main entries, 22.1 billion rubles.

(a) Payment for Work of MFS's.

(See II, C, 1, f, p. 35, above.)

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(b) Payments to Hired Nonconstruction Workers and Specialists.

In 1954, collective farms spent 1.9 billion rubles for hired construction and capital repair labor, or 2.7 times the 1950 expenditure. <sup>192/</sup> Thus 1950 expenditures amounted to 0.7 billion rubles. It is assumed that this expenditure represents the bulk of collective farm expenditures for all hired labor, as, in view of the large labor supply resident on collective farms, it is unlikely that available funds are used for hiring labor for current operations. No information is available on the amount of payments to visiting hired specialists, such as agronomists and veterinarians, or to seasonal harvest hands. In order, however, to make some allowance for hired nonconstruction labor, it is assumed that collective farms spent for this purpose an amount equal to about one-half of their outlay for hired construction and capital repair labor, or approximately 0.4 billion rubles.

(c) Additions to Inventories.

(See II, C, 3, a, p. 46, above.)

(d) Materials for Current Operations.

This is a residual representing the difference between total estimated production expenditures, 12.1 billion rubles, and the sum of expenditures for money payments to MTS's, hired nonconstruction labor, and additions to inventories, 1.5 billion rubles. It is estimated (see II, C, 1, a, p. 32, above) that, of total materials purchases for current operations of 10.6 billion rubles, 2.8 billion rubles were purchased within the Agricultural Enterprise Sector and 7.8 billion rubles were purchased from the Nonagricultural Enterprise Sector.

(6) Administrative-Economic Expenditures.

By statute this category of expenditure is not to exceed 2 percent of total collective farm money incomes. <sup>193/</sup> Miss Nimitz of the RAND Corporation points out in an unpublished paper that scattered postwar evidence indicates that actual administrative expenditures have been somewhat less. Therefore, it is assumed that administrative-economic expenditures in 1950 were about 0.5 billion rubles, or about 1.5 percent of total outlays. Arbitrarily 0.4 billion rubles of this sum is allocated to administrative wages and the balance to office supplies, travel allowances, and the like.

(7) Labor-Day Payments.

On the basis of cash labor-day payments and cash labor-day payments as a share of total collective farm money income, set out

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below for each of the years 1952, 1954, and 1955, cash labor-day payments in 1950 are estimated at about 9.9 billion rubles.

Khrushchev announced that for 1952, of total collective farm money income of 42.8 billion rubles, 194/ 29 percent, or 12.4 billion rubles, 195/ was distributed as cash labor-day payments. According to official statements, cash labor-day payments in 1955 were 94 percent greater than in 1952 and 30 percent greater than in 1954. 196/ Thus, if payments in 1952 equaled 12.4 billion rubles, payments amounted to 24.1 billion rubles in 1955 and to 18.5 billion rubles in 1954. Therefore, in 1955, distribution of 24.1 billion rubles represented 32 percent of total collective farm money income of 75.6 billion rubles. 197/ In 1954, distribution of 18.5 billion rubles represented 29 percent of total collective farm money income of 63.3 billion rubles. 198/

Thus, for 1950, it is assumed, as was the case in 1952 and 1954, that at least 29 percent of total collective farm money income, or 9.9 billion rubles, was distributed as cash labor-day payments.

## 2. Farm Household Sales and Market Fees.

This portion of this appendix has two objectives -- to derive estimates of farm household sales of farm products and to obtain an estimate of collective farm market fees paid by collective farmers.

### a. Farm Household Sales.

In 1950, sales of farm products formed the single most important source of money income of rural farm households. The other major source, cash labor-day payments to collective farmers, has been estimated in 1, above. Wage incomes in state agriculture have been discussed in detail in II, C, 2, a, p. 38, above. Because of the complete absence of data, the remaining source of farm household money income -- earnings from labor services rendered outside agriculture on a seasonal or temporary basis -- cannot be estimated.

In the following discussion, farm households are divided into rural and urban households. The former group includes collective farmers and also the private plot activity of state farmers, MTS workers, and other rural residents who are not collective farmers. The latter group includes the private plot activity of urban workers and employees.

In Table 12\* the three types of sales by farm households are listed and summed to obtain total gross income from sales. Each type of sale is discussed in detail below.

\* Table 12 follows on p. 110.

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Table 12

Farm Household Sales of Farm Products in the USSR  
1950

	Billion Rubles		
	Rural Households	Urban Households	Total
Collective farm ex-village market sales	38.9	4.3	43.2
Sales to state procurement organizations	1.6	0.5	2.1
Sales of livestock to collective farms	2.4	0	2.4
Total	<u>42.9</u>	<u>4.8</u>	<u>47.7</u>

(1) Collective Farm Market Sales.

In the absence of data for total village and ex-village sales by farm households at unfixed -- that is, free -- prices, only sales in collective farm ex-village markets are considered in the estimate of farm household income from collective farm market sales. Sales on the village market by collective farms and farm households to other farm households are excluded from both debits and credits in the Household Appropriation Account (see II, A, 2, p. 7, above). The commodities involved in such sales are not, however, excluded from the estimate of total consumption. Because no allowance is made for their sale in the distribution of gross output in 4, below, they are assumed to have remained in the possession of the households which produced these commodities or received them as in-kind labor-day payments and therefore to have been consumed as income-in-kind. The assumption that these commodities were consumed as income-in-kind instead of being sold to other rural households has only a limited effect on the estimate of total consumption. This effect consists of the possible difference between the prices imputed to these commodities in the estimate of income-in-kind and the prices at which these commodities were actually sold on the collective farm village market. The impact of this difference on the estimates of total consumption and of income originated in agriculture is considered to be very small.

Total collective farm ex-village market sales in 1950 amounted to 49.2 billion rubles. 199/ To obtain sales by farm households, sales by collective farms, estimated below, must be deducted.

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In 1950, sales by collective farms in collective farm ex-village markets of 251 cities amounted to 12.3 percent <sup>200/</sup> of the total collective farm ex-village market turnover for these 251 cities of 19.5 billion rubles. <sup>201/</sup> Therefore, sales by collective farms amounted to 2.4 billion rubles. Because, however, sales in these 251 cities represented only 40 percent of sales in all collective farm ex-village markets, it was assumed that sales by collective farms in markets of these cities also represented only 40 percent of sales by collective farms in all collective farm ex-village markets. Thus collective farms' sales in all ex-village markets are estimated at 6 billion rubles.

Deduction of 6 billion rubles from total sales of 49.2 billion rubles leaves 43.2 billion rubles for sales by farm households.

Total household sales must then be distributed between rural and urban farm households. It is felt that urban plot owners market only a small share of their total output, and it is assumed here that no more than 10 percent of total household sales in collective farm ex-village markets are transacted by urban plot owners. Deduction from 43.2 billion rubles of 10 percent, or 4.3 billion rubles, leaves 38.9 billion rubles for sales in collective farm ex-village markets by rural households.

(2) Sales to State Procurement Organizations.

Sales of agricultural products to state procurement organizations by farm households are estimated at 2.1 billion rubles, the difference between the total estimated income of collective farms and the agricultural population from deliveries and sales to the state of 23.4 billion rubles and sales by collective farms of 21.3 billion rubles.

For 1950, total sales by collective farms and the agricultural population are estimated on the assumption that sales by collective farms of 21.3 billion rubles <sup>202/</sup> represented about 91 percent of total sales, as was the case in 1952, when sales by collective farms of 24.5 billion rubles <sup>203/</sup> represented 90.7 percent of total sales of 27 billion rubles <sup>204/</sup>; in 1955, when sales by collective farms of 54.8 billion rubles <sup>205/</sup> represented 90.3 percent of total sales of 60.7 billion rubles <sup>206/</sup>; and in 1956, when sales by collective farms of 74.7 billion rubles <sup>207/</sup> represented 91.9 percent of total sales of 81.3 billion rubles. <sup>208/</sup>

Thus, if out of total estimated sales of 23.4 billion rubles, 21.3 billion rubles were sold by collective farms, there remained for sales to the state by the agricultural population or farm households 2.1 billion rubles, of which it is assumed that one-quarter,

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or 0.5 billion rubles, represented sales by urban households and the remainder, 1.6 billion rubles, represented sales by rural households.

(3) Sales of Livestock to Collective Farms.

Livestock sales by collective farmers to collective farms have been estimated at 2.4 billion rubles (see II, C, 1, f, p. 35, above).

b. Collective Farm Market Fees.

Daily fees levied on sellers in the collective farm markets vary with the space used to conduct sales. Sales from trucks are taxed at 10 rubles per day, from wagons at 5 rubles, and from tables at 1 to 2 rubles, and sales of cattle are taxed at 3 to 5 rubles per head. 209/ For the most part, collective farms sell from truck and wagon beds and pay the largest unit fees, whereas collective farmers, selling from small counters and even from the ground, pay smaller fees. It is assumed that collective farm representatives, although greatly outnumbered by collective farmers, pay fees about equal to those of collective farmers, because their selling facilities are more highly taxed.

No precise estimate of fee payments is possible with available data, but some approximation may be obtained from Mikoyan's statement in 1953 that half a million collective farmers went to the collective farm markets every day of the year. 210/ If it is assumed that each farmer paid 2 rubles per day in market fees, total fees would be 1 million rubles a day, or perhaps 0.3 billion rubles per year.

3. Income and Outlay of State Farms.

The purpose of this section of this appendix is to derive state farms' materials purchases from the Nonagricultural Enterprise Sector as a residual calculation on the outlay side of their income-outlay statement. The income-outlay statement in Table 13,\* therefore, shows only their income from sales and subsidies and the outlays made from these funds; it excluded both budget grants for capital purposes and the expenditures made with these grants.

a. Sales.

This entry represents the value of state farm deliveries in terms of effective delivery prices.\*\*

\* Table 13 follows on p. 113.

\*\* This information has been gathered by Miss Nancy Nimitz of the RAND Corporation in connection with her work on Soviet agriculture.

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Table 13

Income and Outlay of Soviet State Farms a/  
1950

		Billion Rubles	
Income		Outlay	
a. Sales	5.6	c. Basic wages	9.9
b. Subsidies for operations	8.2	d. Social insurance	0.4
		e. Materials for operations	2.0
		f. Materials for capital repairs	0.5
		g. New fixed investment	0.5
		h. Indirect taxes	0.5
		i. Profits	Negli- gible
Total	<u>13.8</u>	Total	<u>13.8</u>

a. Excluding capital grants from the budget and capital expenditures made with these grants.

b. Subsidies for Operations.

This entry represents the difference between the estimated outlays of 13.8 billion rubles and income from sales of 5.6 billion rubles.

c. Basic Wages.

Basic wages have been estimated at 9.9 billion rubles (see II, C, 2, a, p. 38, above).

d. Social Insurance.

(See II, C, 2, b, p. 43, above.)

e. Materials for Operations.

No precise estimate is possible with available data. An estimate of 2 billion rubles is arbitrarily made. It should be emphasized that this estimate pertains only to state farms' purchases from the Nonagricultural Enterprise Sector. The total value of materials used in operations, including self-produced seed, fodder, and plants, would of course be much greater.

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f. Materials for Capital Repairs.

State farm capital repairs, made from amortization allowances, amounted to 1.2 billion rubles (see II, C, 3, a, p. 46, above), of which it was estimated that 40 percent, or 0.5 billion rubles, represented materials purchases and 60 percent, or 0.7 billion rubles, represented wages (see II, C, 1, f, p. 35, above). These wages are included in the figure for basic wages above.

g. New Fixed Investment.

State farms' new fixed investment, outside the budget, is the sum of 0.3 billion rubles from retained funds and 0.2 billion rubles from amortization allowances (see II, C, 3, a, p. 46, above).

h. Indirect Taxes.

(See II, C, 1, b, p. 34, above.)

i. Profits.

Profits are assumed to be negligible.

4. Farm Household Income-In-Kind.

Farm households in the USSR receive an important part of their income in the form of income-in-kind, consisting of agricultural products received as labor-day payments in kind and of agricultural products raised on their own plots. The value of income-in-kind in 1955 is estimated below. First, the theoretical principles underlying the valuation procedure are discussed. Then the methods used in calculating income-in-kind are set forth. Finally, the calculations are presented.

a. Theoretical Principles.

As in the case of all imputed transactions, farm household income-in-kind is estimated by attributing a monetary value to a nonmonetary phenomenon. Because farm households consume a share of the commodities which they produce, this share passes from production into consumption without being given a monetary valuation. In order to assign prices to commodities which are both produced and consumed by farm households, it is necessary to break the identity of households as both producers and consumers by assuming that production is sold or that consumption is purchased.

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In Western economies, where a single farm selling price and a single consumer buying price ordinarily prevail for each commodity, the practice in national accounting is to value farmers' consumption-in-kind at the prices which farmers would receive if they were to sell these commodities instead of consuming them. 211/ These selling prices ordinarily differ from the purchase prices paid by nonfarm consumers by the amount of distribution and processing charges. This difference measures the value of distribution and commercial processing services enjoyed by nonfarm consumers but not by farmers when the latter consume their output at the point of production and perform their own processing. Home processing, like the services of housewives, is excluded in the valuation of household consumption. 212/

The problem of assigning prices to Soviet farm household income-in-kind is greatly complicated by the existence of multiple price systems for both the sale and the purchase of agricultural products in the USSR. The output of collective farms and collective farmers, for example, is sold at obligatory delivery prices, contract prices, above-quota state purchase prices, and collective farm market prices. Nonfarm consumers purchase agricultural products at state retail prices and collective farm market prices. Because of the heavy reliance of Soviet fiscal policy upon the turnover tax, an excise levied principally on food and nonfood consumer goods, nonfarm consumers' purchase prices ordinarily differ from farm sale prices by much more than the cost of distributing and processing farm products. Therefore, valuation of farmers' consumption-in-kind in the USSR at producers' selling prices does not render this consumption comparable to that of urban residents. This is contrary to the case in Western economies, where, as noted above, valuation at producers' selling prices is equivalent to valuation at consumers' purchase prices when the latter are adjusted for distribution and processing charges.

Consequently, it appears more satisfactory to value farmers' consumption-in-kind in the USSR at consumers' purchase prices, adjusted for distribution and processing charges, than at producers' selling prices. Valuation of farmers' consumption-in-kind at consumers' purchase prices makes it comparable to nonfarm consumption and therefore makes it possible to add the two in order to obtain total household consumption of goods and services.

The method of valuation adopted in this report values farmers' consumption-in-kind at a weighted average of the two prices paid by nonfarm consumers -- state retail prices and collective farm market prices. It therefore differs from the methods used in the principal earlier studies of Soviet national income and product. In these studies, farm household income-in-kind was valued at a weighted average of farm selling prices, 213/ at state retail prices less

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distribution and processing charges, 214/ or on the basis of urban per capita food expenditures. 215/ In comparison with these alternative techniques, the method used in this report seeks to value farm household income-in-kind in prices more comparable to nonfarm consumption without, however, assuming identical per capita consumption by the farm and nonfarm populations.

b. Method of Calculation.

Farm household income-in-kind is calculated in two main steps. First, the disposition of agricultural commodities is estimated in order to derive, as a residual, the quantity of each commodity that was consumed by farm households as income-in-kind. Second, the quantity of consumption-in-kind of each product so derived is valued in accordance with the valuation principles set forth above. The estimates of the quantities of commodities consumed in kind by farmers and the estimates of the corresponding monetary values are both subject to wide margins of error because of many gaps in information. The monetary values, moreover, are subject to additional uncertainty because of the assumption required to weight the two sets of nonfarm food prices.

In Table 14\* the disposition of the output of each product among seed and feed use (used in production) and the two marketing channels (state acquisitions and collective farm ex-village market sales) is estimated. In the case of some of the commodities in the table, nearly every physical disposition had to be estimated from indirect data, prewar experience, or approximations based on general agricultural requirements.

The collective farm market quantities, which were estimated by the technique set out below, represent sales to nonfarm consumers in ex-village trade at free prices. Quantities sold at free prices in village trade by one farm consumer to another farm consumer are not estimated but appear in the residual column as a part of consumption-in-kind.

For each commodity the quantity disposed of through the collective farm market was estimated on the basis of the quantity sold in the collective farm markets of 251 cities in 1955 216/ and on the assumption that the quantity sold in 251 cities represented 62 percent of the quantity sold to nonfarm consumers in all collective farm ex-village market trade. This assumption is based on the fact that, for 1955, collective farm ex-village market sales of 30.2 billion rubles in 251 cities 217/ represented 62 percent of total collective

\* P. 119, below.

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farm ex-village market sales of 48.9 billion rubles. 218/ The resulting 1955 quantity for each commodity was then moved to 1950 by the index of the physical volume of sales of this commodity in all collective farm ex-village markets. 219/

Admittedly the weakness in this estimating technique lies in the assumption, made here out of necessity born of lack of information, that sales of each commodity in collective farm markets of 251 cities represent the same percent of total free market sales of each commodity as the share of ex-village free market trade of 251 cities in total value of sales in all collective farm ex-village market trade.

In Table 15\* the commodities composing farm household income-in-kind are valued at prices which are weighted averages of the prices paid by nonfarm consumers. The weighting procedure is based on the assumption that farmers, who for this purpose are regarded as purchasers of their in-kind consumption, would have distributed their purchases of each commodity between the two retail trade outlets -- the state and cooperative trade network and the collective farm market -- in the same proportions as nonfarm consumers actually distributed their purchases of each commodity in 1955.

Table 15 shows the estimated quantity of each agricultural product purchased by nonfarm consumers in collective farm markets and state and cooperative retail outlets. From these estimates are derived the shares of each commodity purchased in collective farm markets, on the one hand, and in state and cooperative stores, on the other. The quantity of each agricultural product purchased by nonfarm consumers in collective farm markets is taken from Table 14. The quantity of each product purchased at state and cooperative retail stores is assumed to be equal to total state acquisitions of that product, also estimated in Table 14, less military consumption. State acquisitions are allocated not only to retail sales but also to military consumption, exports, industrial processing, and stockpiles. Moreover, state and cooperative sales include imports, which are not included in state acquisitions as calculated in this report. Available data permitted an adjustment only for military consumption. Lack of data precluded adjustments for foreign trade, industrial processing, and stockpiling. The probable net effect of the omission of these adjustments is, in any case, too small to influence appreciably the relative weights of state and cooperative retail trade purchases and collective farm market purchases.

\* P. 120, below.

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The weights calculated on the basis of the quantities purchased by nonfarm consumers in collective farm markets and at state and cooperative stores are then applied to farmers' consumption-in-kind to determine the quantity of each product which they hypothetically purchased through each trade channel. Finally, the quantity of each product attributed to each trade channel is valued at the price of that channel.

All commodities except grain and meat are valued at the prices corresponding to their unprocessed state, as this is the form in which they are ordinarily consumed on the farm. In the case of grains, because farm households consume flour (transformed into bread by home baking) instead of the commercially baked bread ordinarily consumed by urban households, the amount retained by farmers is converted into a flour equivalent which is valued at the estimated mill (wholesale) price of flour. This price is used instead of the retail price of flour because of the artificially high level of the latter. In order to discourage home baking and encourage the entry of women into the urban labor force, the Soviet government has fixed the retail price of flour at more than the price of an equivalent amount of bread.

Finally, in order to reflect differences in the nature of farm and nonfarm consumption, nonfarm prices are adjusted to exclude charges for transportation and marketing, as these services are not enjoyed by farm households. An allowance for these costs, labeled Trade Margin, was deducted from the sums of in-kind consumption priced at state retail and collective farm market prices in Table 15. Because of the lack of data, these allowances are only approximate estimates, particularly the allowance for trade costs in collective farm markets, where these costs are chiefly imputed charges for labor-day earnings foregone rather than explicit costs.

c. Calculations.

In Tables 14\* and 15,\*\* respectively, the disposition of agricultural commodities and the value of farmers' consumption-in-kind are estimated. Each entry in these tables is explained below.

(1) Disposition of Output of Commodities Included in Farm Household Consumption-in-Kind (see Table 14\*).

(a) Grain.

i. Gross Output.

(See source 220/.)\*\*\*

\* Table 14 follows on p. 119.

\*\* Table 15 follows on p. 120.

\*\*\* Text continued on p. 123.

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Table 14  
Soviet National Accounts, 1950:  
Disposition of Output of Commodities Included in Farm Household Consumption-in-Kind

Commodity	Unit	A				B			C			D			E			F
		Gross Output	Used in Production: Seed, Feed, and Waste	Total Marketed	Total State Acquisitions	Used in Production: Seed, Feed, and Waste	Total Marketed	Total State Acquisitions	Ex-village Market Sales	Collective Farm	Ex-village Market Sales	Used in Production: Seed, Feed, and Waste	Total Marketed	Total State Acquisitions	Ex-village Market Sales	Collective Farm	Ex-village Market Sales	
Grain, total	Thousand metric tons	84,900	34,200	35,500	34,900	34,200	35,500	34,900	600	34,200	35,500	34,900	600	34,200	35,500	34,900	15,200	
Potatoes	Thousand metric tons	83,000	50,000	9,200	6,900	50,000	9,200	6,900	2,300	50,000	9,200	6,900	2,300	50,000	9,200	6,900	23,800	
Vegetables	Thousand metric tons	10,000	2,000	3,100	2,000	2,000	3,100	2,000	1,100	2,000	3,100	2,000	1,100	2,000	3,100	2,000	4,900	
Sunflower seeds	Thousand metric tons	1,760	130	1,090	1,080	130	1,090	1,080	10	130	1,090	1,080	10	130	1,090	1,080	540	
Flax fiber	Thousand metric tons	210	0	170	170	0	170	170	0	0	170	170	0	0	170	170	40	
Meat, slaughter weight	Thousand metric tons	3,900	0	1,800	1,400	0	1,800	1,400	400	0	1,800	1,400	400	0	1,800	1,400	2,100	
Milk, whole	Thousand metric tons	35,300	5,300	9,300	8,500	5,300	9,300	8,500	800	5,300	9,300	8,500	800	5,300	9,300	8,500	20,700	
Wool	Thousand metric tons	180	0	136	136	0	136	136	0	0	136	136	0	0	136	136	44	
Eggs	Million units	11,700	2,000	2,300	1,900	2,000	2,300	1,900	400	2,000	2,300	1,900	400	2,000	2,300	1,900	7,400	

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Table 15  
Soviet National Accounts, 1950:  
Valuation of Soviet Farm Household Consumption-in-Kind

A	B	C	D	E	F	G
Commodity	Total Marketed Production C + D (Thousand Metric Tons)	Total State Acquisitions (Thousand Metric Tons)	Purchases in Collective Farm Ex-village Market (Thousand Metric Tons)	Military Consumption (Thousand Metric Tons)	Purchases in State and Cooperative Retail Outlets C - E (Thousand Metric Tons)	Total Retail Purchases D + F (Thousand Metric Tons)
Grain, total <u>a</u> / <sup>*</sup>	35,500	34,900	600	Not applicable	Not applicable	Not applicable
Potatoes	9,200	6,900	2,300	1,300	5,600	7,900
Vegetables	3,100	2,000	1,100	800	1,200	2,300
Sunflower seeds	1,090	1,080	10	Negligible	1,080	1,090
Flax fiber	170	170	0	0	170	170
Meat, slaughter weight	1,800	1,400	400	400	1,000	1,400
Milk, whole	9,300	8,500	800	Negligible	8,500	9,300
Wool	136	136	0	0	136	136
Eggs	2,300	1,900	400 <u>b</u> / <sub>1</sub>	Negligible <u>b</u> / <sub>1</sub>	1,900 <u>b</u> / <sub>1</sub>	2,300 <u>b</u> / <sub>1</sub>
All other <u>c</u> / <sub>1</sub>	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Total						
Trade margin allowance						
Total excluding trade margin allowance						

\* Footnotes for Table 15 follow on p. 122.

Table 15  
 Soviet National Accounts, 1950:  
 Valuation of Soviet Farm Household Consumption-in-Kind  
 (Continued)

Commodity	H Farm Household Consumption-in-Kind (Thousand Metric Tons)	I Quantity of H Valued at State Retail Prices F x H G (Thousand Metric Tons)	J Prices for I: 1950 State Retail Prices (Rubles per Metric Ton)	K Value of Share of H Priced at State Retail Prices I x J (Million Rubles)	L Quantity of H Valued at 1950 Collective Farm Prices D x H G (Thousand Metric Tons)
Grain, total a/	15,200	12,900 d/	2,980 e/	38,440	Not applicable
Potatoes	23,800	16,900	900	15,210	6,900
Vegetables	4,900	2,550	2,000	5,100	2,350
Sunflower seeds	540	540	6,800	3,670	Negligible
Flax fiber	40	40	6,000 f/	240	0
Meat, slaughter weight	2,100	1,490	20,600	30,690	610
Milk, whole	20,700	18,840	3,200	60,290	1,860
Wool	44	44	9,000 g/	400	0
Eggs	7,400 b/	6,140 b/	13 h/	7,980	1,260 b/
All other c/	Not applicable	Not applicable	Not applicable	28,590	Not applicable
Total				190,610	
Trade margin allowance				20,970	
Total excluding trade margin allowance				169,640	

Table 15  
 Soviet National Accounts, 1950:  
 Valuation of Soviet Farm Household Consumption-in-Kind  
 (Continued)

Commodity	M		N		Total Value of Farm Household Consumption-in-Kind K + N (Million Rubles)
	Prices for L: 1950 Collective Farm Market Prices (Rubles per Metric Ton)	Not applicable	Value of Share of H Priced at 1950 Collective Farm Market Prices L x M (Million Rubles)	Not applicable	
Grain, total a/	Not applicable	Not applicable			38,440
Potatoes	1,600		11,040		26,250
Vegetables	2,900		6,810		11,910
Sunflower seeds			Negligible		3,670
Flax fiber	Not applicable		0		240
Meat, slaughter weight	15,400		9,390		40,080
Milk, whole	2,700		5,020		65,310
Wool	Not applicable		0		400
Eggs	13 b/		1,640		9,620
All other c/	Not applicable		5,980		34,570
Total			39,880		230,490
Trade margin allowance			4,000		24,970
Total excluding trade margin allowance			35,880		205,520

a. Because the flour equivalent of grain is valued at the estimated mill (wholesale) price of flour, no weighting of sales through the two retail trade channels is required.  
 b. Million units.  
 c. Including fruits, nuts, berries, honey, mushrooms, fresh-water fish, game animals and their products, minor technical crops, tobacco and mahorka, tea, and firewood.  
 d. In terms of the flour equivalent of grain, using an extraction rate of 85 percent for the milling of flour.  
 e. Estimated mill (wholesale) price of flour.  
 f. Contract delivery price.  
 g. Obligatory delivery price.  
 h. Thirteen rubles per 10 eggs.



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ii. Used in Production.

(See source 221/.)

iii. Total Marketed Production.

This was derived as the sum of Total State Acquisitions and Collective Farm Ex-Village Market Sales (columns D + E).

iv. Total State Acquisitions.

In 1955, total state acquisitions of grain were 14 percent greater than in 1950. 222/ On the basis of 1955 procurements of 39.8 million tons, computed below, 1950 procurements amounted to 34.9 million tons.

Sales and deliveries of grain to the state in 1955 were 147 million poods more than in 1954. 223/ In 1954, sales and deliveries of grain to the state were 271 million poods more than in 1953, 224/ when 2.01 billion poods were sold and delivered to the state. 225/ Therefore, in 1955 state acquisitions of grain totaled 2,010 + 271 + 147, or 2,430 million poods, equal to 39.8 million tons.\* Because 1955 procurements amounted to 114 percent of 1950 procurements, procurements in the latter year may be computed at 34.9 million tons.

v. Collective Farm Ex-Village Market Sales.

In 1955, sales of grain in free markets of 251 cities amounted to 241,900 tons. 226/ If it is assumed that such sales represented 62 percent of sales in all collective farm ex-village markets (see explanation of this assumption in 4, b, p. 116, above), then total sales in all collective farm ex-village markets are estimated at 390,000 tons for 1955, when total sales were 71 percent of sales in 1950. 227/ Sales in the latter year are estimated at about 600,000 tons.

(b) Potatoes.

i. Gross Output.

In 1950 Soviet potato production was 260 percent of the potato output in 1913. 228/ On the basis of a 32-million-ton crop, computed below for 1913, 1950 potato production amounted to about 83 million tons.

\* Poods are converted at 61.1 poods per metric ton.

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It was announced that potato production in 1956 amounted to 95.5 million tons and that the yield per hectare increased by 36.8 percent above the 1913 yield. <sup>229/</sup> The area sown to potatoes in 1956 was 9.2 million hectares. <sup>230/</sup> Hence the 1956 yield equaled 104 centners per hectare, and the 1913 yield equaled 76 centners per hectare. Thus, in 1913, total potato output amounted to about 32 million tons, given a sown area of 4.2 million hectares <sup>231/</sup> and a yield of 76 centners per hectare. Production in 1950 being <sup>260</sup> percent of 1913 output of 32 million tons, production in 1950 thus amounted to about 83 million tons.

ii. Used in Production.

(See source <sup>232/</sup>.)

iii. Total Marketed Production.

This was derived as the sum of Total State Acquisitions and Collective Farm Ex-Village Market Sales (columns D + E).

iv. Total State Acquisitions.

(See source <sup>233/</sup>.)

v. Collective Farm Ex-Village Market Sales.

In 1955, sales of potatoes in free markets of 251 cities amounted to 1.4 million tons. <sup>234/</sup> If it is assumed that such sales represented 62 percent of sales in all collective farm ex-village markets (see explanation of this assumption in 4, p. 114, above), then total sales in all collective farm ex-village markets are estimated at 2.3 million tons for 1955, when total sales were 101 percent of sales in 1950. <sup>235/</sup> Thus sales in the latter year are estimated at about 2.3 million tons.

(c) Vegetables.

i. Gross Output.

In 1955, Soviet vegetable production of 14.2 million tons, computed on the basis of a sown area of 1.5 million hectares <sup>236/</sup> and a yield of 95 centners per hectare, <sup>237/</sup> amounted to 42 percent <sup>238/</sup> more than production in 1950. Thus production in 1950 amounted to 10 million tons.

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ii. Used in Production.

An estimate of 20 percent of gross output was made to account for vegetables fed to livestock and for spoilage.

In the 1920's, more than 10 percent of cabbage production alone was fed to livestock. 239/ Because of both the increase in importance of collective farms in the total area sown to vegetables and the shift to planting more perishable vegetables, 240/ it is estimated that spoilage could easily account for 10 percent of the gross harvest.

iii. Total Marketed Production.

This was derived as the sum of Total State Acquisitions and Collective Farm Ex-Village Market Sales (columns D + E).

iv. Total State Acquisitions.

(See source 241/.)

v. Collective Farm Ex-Village Market Sales.

In 1955, sales of vegetables in free markets of 251 cities amounted to 853,000 tons. 242/ If it is assumed that such sales represented 62 percent of sales in all collective farm ex-village markets (see explanation of this assumption in 4, p. 114, above), then total sales in all collective farm ex-village markets are estimated at 1.4 million tons for 1955, when total sales were 126 percent of sales in 1950. 243/ Thus sales in the latter year are estimated at about 1.1 million tons.

(d) Sunflower Seeds.

i. Gross Output.

The official Soviet index of sunflower seed output gave 1956 production as 220 percent of 1950 production. 244/ Production in 1956 was announced as 3,867,100 tons. 245/ Therefore, the 1950 gross output amounted to 1,760,000 tons.

ii. Used in Production.

From the gross output of sunflower seeds in 1950, 130,000 tons, or about 7 percent of gross output, was allowed for the 1951 planting. A seeding rate of 25 kilograms per hectare 246/ in fixed seed requirements for 1951 and a sown area of 3.61 million hectares

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results in seed use of about 90,000 tons. An additional 40,000 tons is allowed to take care of higher seeding rates in humid areas and for reseedings in case of frost.

iii. Total Marketed Production.

It is estimated that total state acquisitions of 1,080,000 tons (see iv, below) constituted about 99 percent of total marketed production of seeds. The other 1 percent is a token amount estimated to have been sold in the collective farm market to the populace for chewing. Therefore, total marketed production is estimated at about 1,090,000 tons.

iv. Total State Acquisitions.

(See source 247/.)

v. Collective Farm Ex-Village Market Sales.

About 1 percent of total marketed production is arbitrarily estimated to have been sold on the urban collective farm market to meet the people's demand for seeds for chewing.

(e) Flax Fiber.

i. Gross Output.

According to the official Soviet index of flax fiber output, production in 1956 was 204 percent of 1950 production. 248/ On the basis of an estimated 1956 production of 430,000 tons, computed below, 1950 flax fiber production amounted to about 210,000 tons.

Belorussia, the leading producer of flax fiber in the USSR, in 1956 produced 107,200 tons 249/ of fiber, which was almost 25 percent of total Soviet output. 250/ Therefore, total production in 1956 amounted to about 430,000 tons. Then, if 430,000 tons were 204 percent of 1950 production, 1950 production amounted to about 210,000 tons.

ii. Used in Production.

Not applicable.

iii. Total Marketed Production.

This was derived as the sum of Total State Acquisitions and Collective Farm Ex-Village Market Sales (columns D + E).

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iv. Total State Acquisitions.

(See source 251/.)

v. Collective Farm Ex-Village Market Sales.

State acquisitions through contracts account for all of the marketings of this valuable cash crop.

(f) Meat.

i. Gross Output.

Khrushchev announced total meat output for 1956 as 6.5 million tons, slaughter weight. 252/ This figure includes beef, pork, mutton, poultry, and minor "other" meats. It is felt that this figure reflects not only pure meat but also subproducts -- that is, less desirable but still edible parts of the animal such as liver, hearts, tongues, and the like. Inclusion of the latter subproducts, even though certainly a part of meat consumed by the population and so calculated by Soviet statisticians in per capita meat consumption by the population, 253/ presents a pricing problem which cannot be adequately solved with currently available price and quantity information. Hence, in Table 14 only the Soviet output of beef, pork, mutton, and poultry, excluding all subproducts, is included. It was assumed that subproducts represented at least 20 percent of the 1956 meat output of 6.5 million tons. The remaining 80 percent, or 5.2 million tons, is taken into account here.

If 1956 meat output of 5.2 million tons was 133 percent of 1950 output, 254/ then meat production in the latter year may be estimated at about 3.9 million tons.

ii. Used in Production.

Not applicable.

iii. Marketed Production.

This was derived as the sum of Total State Acquisitions and Collective Farm Ex-Village Market Sales (columns D + E).

iv. Total State Acquisitions.

The state processed 1.4 million tons of beef, pork, mutton, and poultry in 1950. 255/ This quantity is assumed to represent the slaughter weight of total deliveries of livestock to the state.

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v. Collective Farm Ex-Village Market Sales.

In 1955, sales of meat in free markets of 251 cities amounted to 270,000 tons. 256/ If it is assumed that such sales represented 62 percent of sales in all collective farm ex-village markets (see explanation of this assumption in 4, b, p. 116, above), then total sales in all collective farm ex-village markets are estimated at 430,000 tons for 1955, when total sales were 98 percent of sales in 1950. 257/ Thus sales in the latter year are estimated at about 400,000 tons.

(g) Milk.

i. Gross Output.

(See source 258/.)

ii. Used in Production.

On the basis of information on the fattening of animals on collective farms, it is estimated that milk fed and wasted constitutes about 15 percent of gross output. 259/

iii. Total Marketed Production.

This was derived as the sum of Total State Acquisitions and Collective Farm Ex-Village Market Sales (columns D + E).

iv. Total State Acquisitions.

(See source 260/.)

v. Collective Farm Ex-Village Market Sales.

In 1955, sales of milk and milk products (both expressed in terms of milk) in free markets of 251 cities amounted to 561,000 tons. 261/ If it is assumed that such sales represented 62 percent of sales in all collective farm ex-village markets (see explanation of this assumption in 4, b, p. 116, above), then total sales in all collective farm ex-village markets are estimated at 900,000 tons for 1955, when total sales were 118 percent of sales in 1950. 262/ Thus sales in the latter year are estimated at about 800,000 tons.

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(h) Wool.

i. Gross Output.

(See source 263/.)

ii. Used in Production.

Not applicable.

iii. Total Marketed Production.

This was derived as the sum of Total State Acquisitions and Collective Farm Ex-Village Market Sales (columns D + E).

iv. Total State Acquisitions.

(See source 264/.)

v. Collective Farm Ex-Village Market Sales.

As in the case of flax fiber, it is assumed that all significant marketed production of this commodity passes through State Acquisitions.

(i) Eggs.

i. Gross Output.

(See source 265/.)

ii. Used in Production.

Arbitrarily an allowance of 2 billion eggs was estimated to be necessary for maintaining flocks.

iii. Total Marketed Production.

This was derived as the sum of Total State Acquisitions and Collective Farm Ex-Village Market Sales (columns D + E).

iv. Total State Acquisitions.

(See source 266/.)

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v. Collective Farm Ex-Village Market Sales.

In 1955, sales of eggs in free markets of 251 cities amounted to 615 million units. <sup>267/</sup> If it is assumed that such sales represented 62 percent of sales in all collective farm ex-village markets (see explanation of this assumption in 4, b, p. 116, above), then total sales in all collective farm ex-village markets are estimated at 992 million units for 1955, when total sales were 230 percent of sales in 1950. <sup>268/</sup> Thus sales in the latter year are estimated at about 400 million units.

(2) Valuation of Farm Household Consumption-in-Kind  
(see Table 15, p. 120, above).

(a) Commodity.

i. All Other.

The items listed in column A of Table 15, above, are identical with those appearing in Table 14, above, with the addition of a residual category All Other. The valuation assigned to these other commodities is necessarily a notional allowance, given the absence of adequate production and marketing information concerning these items. Products assumed to be included under the designation All Other are fruits, nuts, berries, honey, mushrooms, fresh-water fish, game animals and their products, minor technical crops (fibers other than flax, and oil seeds other than sunflower), tobacco and makhorka, tea, herbs, and firewood. The large number of products is in itself no measure of the relative value of All Other compared to the specified products. The object of consideration must be the typical Russian farmer, from whose point of view the important agricultural commodities consumed in-kind other than those specified in the table are fruit and fresh-water fish and, to a lesser extent, mushrooms and game animals. The average Russian farmer does not receive tea, herbs, tobacco, or even oilseed products in-kind, but rather buys them for cash in the market. On the other hand, the typical farmer does heat his hut with firewood, most of which he receives from collective farm and state forest lands through his own cutting.

Precise measurement of All Other products being out of the question, it is possible only to make some judgment about a reasonable order of magnitude. It seems possible that the value of the commodities in question may constitute 15 percent of total farm household consumption-in-kind.

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(b) Total Marketed Production.

(See Table 14, p. 119, above.)

(c) Total State Acquisitions.

(See Table 14.)

(d) Purchases in Collective Farm Ex-Village Markets.

(See Table 14.)

(e) Military Consumption.

Data from source 269/ give amounts of food-stuffs per man per day. These amounts were adjusted to an annual basis and were multiplied by the estimated number of Soviet militarized personnel in 1950. 270/

(f) Purchases in State and Cooperative Retail Outlets.

This is the difference between Total State Acquisitions and Military Consumption (columns C - E).

(g) Total Retail Purchases.

This is the sum of purchases in state and cooperative retail outlets and in collective farm ex-village markets (columns D + F).

(h) Farm Household Consumption-in-Kind.

(See Table 14, p. 119, above.)

(i) Quantity of Farm Household Consumption-in-Kind Valued at State Retail Prices.

For each commodity, the share of consumption-in-kind valued at state retail prices is equal to the share of purchased consumption obtained through state and cooperative retail trade (columns  $\frac{F}{G}$  x H).

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(j) 1950 State Retail Prices.

These prices are derived by application to announced absolutes for various years of information contained in numerous price decrees. For some commodities, state retail prices are not applicable. Therefore, other prices were used: for grain, the mill price of flour 271/; for flax fiber, the contract sale price 272/; and for wool, the obligatory delivery price.

(k) Value of the Share of Farm Household Consumption-in-Kind Priced at State Retail Prices.

This is the product of the share of farm household consumption-in-kind valued at state retail prices and the corresponding state retail prices (columns I x J).

(l) Quantity of Farm Household Consumption-in-Kind Valued at 1950 Collective Farm Market Prices.

For each commodity the share of consumption-in-kind valued at estimated collective farm market prices is equal to the share of purchased consumption obtained through collective farm market trade (columns  $\frac{D}{G}$  x H).

(m) 1950 Collective Farm Ex-Village Market Prices.

These prices are based (as described below) on commission trade prices for 1955, the relationship of commission trade prices to collective farm market prices for 1955, and the index of collective farm market prices, 1950-55.

Commission trade prices for 1955 for each commodity were computed from corresponding quantity and value data. 273/ These prices were then converted to 1955 collective farm market price 274/ by means of the percentage relationship per commodity for 1955 of commission sale prices to collective farm market prices. 275/ The resulting prices were then moved to 1950 by means of the price index for each commodity sold in collective farm markets. 276/

(n) Value of the Share of Farm Household Consumption-in-Kind Priced at 1950 Collective Farm Market Prices.

This is the product of the share of farm household consumption-in-kind valued at collective farm market prices and the corresponding 1950 collective farm market prices (columns L x M).

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(o) Total Value of Farm Household Consumption-in-Kind.

This is the sum of the values of the two shares of farm household consumption-in-kind, one priced at state retail prices and the other priced at collective farm market prices (columns K + N).

(p) Trade Margin Allowance.

i. Share of Consumption-in-Kind Priced at Retail Prices.

The trade margin on food sales by state and cooperative retail outlets, excluding public dining establishments, is estimated at 11 percent on the basis of (a) the average markups in retail and wholesale trade, (b) the relative importance of food and non-food goods in total state and cooperative sales, and (c) the difference in marketing costs between food and nonfood goods.

The trade markup is the sum of costs of operation and profits. In 1950, total state and cooperative retail trade turnover, excluding public dining, was 312.2 billion rubles. 277/ In retail trade the markup of goods in 1950 was 22.3 billion rubles 278/; in wholesale trade the markup was 5.6 billion rubles (the sum of total costs of 5.5 billion rubles 279/ plus profits of 0.1 billion rubles). 280/ The combined retail and wholesale markup was therefore 22.3 plus 5.6, or 27.9 billion rubles. This is 8.9 percent of total retail trade turnover of 312.2 billion rubles.

In 1950, foodstuffs accounted for 52.9 percent, and nonfood goods 47.1 percent, of state and cooperative retail sales (excluding public dining). 281/

A recent Soviet source indicates that marketing costs for food goods are five-thirds the level of marketing costs for nonfood goods. 282/ Then, if X = the markup in food distribution and Y = the markup in nonfood goods distribution,  $X = \frac{5}{3} Y$  and  $0.529 X + 0.471 Y = 8.9$ . Solution of these equations yields 11.0 for X and 6.6 for Y. Therefore, it is estimated that marketing costs in the state and cooperative retail trade network average 11 percent of the value of food sales.

In the application of this estimate, no attempt is made to allow for the large variations in the cost of marketing different agricultural products in the USSR. 283/ The list of commodities composing farm household consumption-in-kind is by no means

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complete, and the individual quantities of all the various products included under All Other cannot be specified. Therefore, a general estimate of marketing costs for food is used instead of one embodying individual adjustments for each commodity.

ii. Share of Consumption-in-Kind Priced at Collective Farm Market Prices.

This allowance for costs incurred in collective farm market trade is essentially notional. It is based on the assumption that the chief element of trade costs, labor, is appropriately assigned less value in collective farm market transactions than in state and cooperative retail trade, because collective farmers' incomes are lower than those of urban workers and employees. No reliable calculation of labor, transport, and tax costs incurred in collective farm market trade is possible with existing data. Therefore, it is arbitrarily assumed that trade costs in collective farm market trade, as they are certainly somewhat smaller than food distribution costs in state and cooperative retail trade, may have amounted to 4 billion rubles, or about 9 percent of the volume of turnover.

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APPENDIX C

SOVIET NATIONAL ACCOUNTS, 1950:  
METHODOLOGY FOR CAPITAL ACCOUNTS

Appendix C presents in detail the methodology for making the estimates of the entries in the capital accounts of the various sectors of the Soviet economy.

Although authority for many of the capital accounts entries comes directly from official sources and although the methodology for the other entries could have been stated in the accounts proper, it is felt that the data and methods for deriving the data should be presented in consolidated form for two reasons: (1) the methodology in most instances is intricately related to the derivation of data in other entries in the same or other capital accounts, mainly because of the lack of direct data from official sources and therefore the need to resort to indirect, complex, and residual procedures, and (2) these difficulties generated rather lengthy methodologies which would only add to the already formidable task facing the reader in the accounts proper.

A. New Fixed Investments.

1. Household Sector (see II, A, 3, a, (2), p. 17, above).

New fixed investment of 6.2 billion rubles represents the value of private urban and rural housing constructed in 1950. The sources of financing this investment are as follows:

	<u>Billion Current Rubles</u>	
	<u>Urban</u>	<u>Rural</u>
Investment-in-kind	1.10	2.70
Long-term credits	0.72	0.65
Savings	0.38	0.65
Total	<u>2.20</u>	<u>4.00</u>

The data in the above tabulation are derived as follows:

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a. Total.

(1) Urban.

The estimated average cost per square meter of private urban housing construction of 500 rubles 284/ is multiplied by the estimated total amount of dwelling space built, 4.4 million square meters. 285/

(2) Rural.

The estimated value per rural dwelling constructed, 10,000 rubles, is multiplied by the number of dwellings constructed in 1950, 4 million. 286/

b. Long-Term Credits.

Loans for private urban housing construction through the communal bank totaled 0.72 billion rubles. 287/ Loans for private rural construction are estimated at one-sixth the total value of rural private dwelling construction, an estimate based on planned loans for 1954 for state farms of 0.15 billion rubles and for MPS workers of 0.45 billion rubles 288/ and on planned loans for collective farmer housing in 1955 of approximately 1.0 billion rubles. 289/

c. Investment-in-Kind.

It is estimated that labor furnished by individuals building their own houses represented one-half the value of private urban construction and two-thirds of the value of rural construction, or one-half of 2.2 billion rubles and two-thirds of 4.0 billion rubles, or a total of 3.8 billion rubles.

d. Savings.

It is estimated that approximately one-half of the value of private urban construction and one-sixth of the value of private rural construction were provided by savings.

2. Nonagricultural Sector (see II, B, 3, a, (2), p. 28, above).

Total new fixed investment of the Nonagricultural Enterprise Sector is estimated at 102.4 billion rubles, of which the budget provided 80.9 billion rubles (capital transfers from the Government Sector); amortization deductions, 9.3 billion rubles (capital consumption allowances); retained profits, 10.0 billion rubles (savings); and other miscellaneous decentralized sources, 2.2 billion rubles (savings

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and bank loans), of which it is estimated that 600 million rubles represent long-term borrowing. The derivation of these estimates involves a rather lengthy explanation based on the indicated sources of financing new fixed investment.

To obtain the relevant data for the Nonagricultural Sector, it was necessary to derive estimates that were consistent with the financing of investment to other sectors and with control totals of all sector investment and its financing.

Therefore, the discussion that follows includes not only the Nonagricultural Sector but also the Agricultural and Government Sectors as to sources of financing new fixed investment.

The following tabulation summarizes the estimates of new fixed investments for the three sectors and the sources for financing these investments:

Distribution of Investments, by Sector and Source of Financing

Billion Current 1950 Rubles					
<u>Sector</u>	<u>Total</u>	<u>Budget</u>	<u>Amortization</u>	<u>Profits</u>	<u>Other</u>
Nonagricultural	102.4	80.9	9.3	10.0	2.2
Agricultural (state)	13.1	12.6	0.2	0	0.3
Government	6.5	6.5	0	0	0
Total	<u>122.0</u>	<u>100.0</u>	<u>9.5</u>	<u>10.0</u>	<u>2.5</u>

The total planned expenditures on investments came to 135.6 billion rubles in 1950, 290 of which 106.5 billion rubles were to be financed from the state budget and 29.1 billion rubles 291 from the funds of the various individual enterprises. It is estimated below that, of the funds planned to be invested by the use of the enterprises' own funds, 29.1 billion rubles, the following sources were planned: funds from enterprise profits, 12.3 billion rubles; funds from amortization allowances, 9.5 billion rubles; and funds from other sources, 7.3 billion rubles.

This resume of planned expenditures is required before the actual estimated expenditures are discussed below. The breakdown as to sources of financing for all sectors (excluding the Household Sector) and for the Nonagricultural Sector follows.

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a. Budget.

It is estimated that actual expenditures from the budget amounted to 100 billion rubles. It is assumed that almost the entire amount of underfulfillment of planned budgetary expenditures for financing the national economy of 6.8 billion rubles 292/ represented an underfulfillment of planned investment expenditures. It is known that agricultural investments from the budget were almost 3 billion rubles less than planned 293/ and that general industrial budgetary expenditures (including investments) were almost 7 billion rubles less than planned. 294/ The use of budget funds as a source of financing by the Agricultural Sector came to 12.6 billion rubles (see 3, p. 139, below) and by the Government Sector, 6.5 billion rubles (see 4, p. 140, below). Therefore, the residual of 80.9 billion rubles (100.0 billion rubles less 12.6 billion rubles and 6.5 billion rubles) was used to finance the Nonagricultural Sector.

b. Enterprises' Own Funds.

(1) Retained Earnings (Profits as a Source).

Actual profits used for financing centralized capital investments are estimated at 10 billion rubles, or 40 percent of actual retained profits for 1950 of 25.1 billion rubles. 295/ It is estimated that all 10 billion rubles were used by the Nonagricultural Sector to finance investments. The 40-percent usage of profits for this purpose is derived from the planned percentages for a series of years before and after 1950: 1948, 36 percent; 1949, 43 percent; 1954, 37 percent; 1955, 43.5 percent; 1956, 40 percent; and 1957, 33 percent. 296/ An arbitrary estimate of 40 percent is used which would give an estimated planned investment of 12.3 billion rubles from planned retained profits of 30.7 billion rubles, or 10.0 billion rubles of actual profits of 25.1 billion rubles. The Nonagricultural Sector would be the only sector making use of this source of financing because there were negative profits in the state Agricultural Sector and because the concepts discussed here would not be relevant for nonstate agriculture or for the Government Sector.

(2) Amortization Deductions as a Source.

Amortization deductions for new investments have been estimated at 9.5 billion rubles (see C, p. 144, below). Of this total, it is assumed that 0.2 billion rubles were used for state agricultural investments (see 3, p. 139, below) and that the remaining 9.3 billion rubles were used for Nonagricultural Enterprises.

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(3) Other Sources.

The "other" sources are the many small miscellaneous monetary resources set aside for decentralized investments. These are estimated at 2.5 billion rubles. Of "other" sources, it is estimated that 300 million rubles were used as decentralized investments in the state Agricultural Sector and that 2.2 billion rubles were used as decentralized investments in the Nonagricultural Sector.

Of the 2.2 billion rubles, investments by decentralized means by local industry are estimated at 300 million rubles; by consumer cooperatives, 330 million rubles; by producer cooperatives, 700 million rubles; for state-owned housing, 700 million rubles; and by state-controlled collective farm markets, 140 million rubles.

3. Agricultural Sector (see II, C, 3, a, (2), (a) and (b), pp. 46 and 47, respectively, above).

Total new fixed investment of state agricultural enterprises is estimated at 13.1 billion rubles, and total new fixed investment of collective farms is estimated at 5.9 billion rubles, including 12.6 billion rubles from the budget; 0.2 billion rubles from capital consumption allowances (savings -- see B, p. 143, below); long-term loans, 1.7 billion rubles (gross borrowing from the Government Sector); and 4.5 billion rubles from other savings, including 3.5 billion rubles from money balances of indivisible funds of collective farms, 700 million rubles for labor-in-kind, and 300 million rubles from miscellaneous decentralized sources of sovkhozes (savings).

a. New Fixed Investment in State Agriculture.

New fixed investment in state agricultural enterprises is estimated at 13.1 billion rubles, of which 12.6 billion rubles were assigned from state budget sources, 297/ 0.3 billion rubles from savings in state farms (other than profits), and 0.2 billion rubles from amortization allowances of state farms (see B, p. 143, below).

Of the 0.3 billion rubles "savings" in sovkhozy, 0.2 billion rubles were designated as retained earnings "for the fund for development and expansion of farms" 298/ (not to be confused with profits) of state farms of the Ministry of State Farms. In addition, 100 million rubles are arbitrarily added to this account for the same funds of state farms other than those of the Ministry of State Farms.

Of the budget allocations of 12.6 billion rubles, 6.2 billion rubles were for MTS investments and 6.4 billion rubles

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for state farms and general agricultural projects (including afforestation). The 6.2 billion rubles for MTS investments were derived as the residual of total budget allocations to MTS's in 1950 of 17.5 billion rubles 299/ less total operating expenditures of 11.3 billion rubles (see II, C, 1, a, (1), p. 32, above). The difference between the 12.6 billion rubles of total budget allocations and 6.2 billion rubles for MTS's equals 6.4 billion rubles for general agricultural projects of state farms.

b. New Fixed Investment in Collective Farms.

New fixed investment in collective farms is estimated at 5.9 billion rubles, of which 5.2 billion rubles represent money investments 300/ and 0.7 billion rubles labor investment-in-kind.

Labor investment-in-kind was estimated by relating money expenditures on construction materials, equipment, and outside labor to total labor costs that is, outside labor paid wages and internal labor paid in-kind. Relations of these data are obtained for a 1951-53 average and 1954 and are used to estimate the in-kind labor costs for 1950. The following tabulation gives the relevant data for such an estimate:

	Billion Rubles		
	<u>1951-53</u>	<u>1954</u>	<u>1950</u>
(1) Money investment plus all labor in construction excluding livestock	36.0 <u>301/</u>	16.0 <u>302/</u>	N.A.
(2) Money investment for new fixed investment plus capital repair	35.5 <u>303/</u>	16.6 <u>304/</u>	9.6 <u>305/</u>
Livestock acquisitions	5.0 <u>306/</u>	2.5 <u>307/</u>	3.2 <u>308/</u>
(3) Money investment for new fixed investment plus capital repair minus livestock acquisitions	30.5	14.1	6.4
(4) Balance for all labor (1) minus (3)	5.5	1.9	N.A.
(5) Money expenditure for construction materials, equipment, and outside labor	16.0 <u>309/</u>	8.5 <u>310/</u>	3.3 <u>311/</u>
(6) Relation of (4) to (5) (percent)	34	22	

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Labor-in-kind, therefore, for 1951-53 and 1954 ranges between 22 and 34 percent of total money expenditures on construction materials, equipment, and outside labor. When applied to line (5) for 1950, the range of labor-in-kind expenditures, a range of 0.7 billion to 1.1 billion rubles is obtained. An estimate of 1.0 billion rubles is used. This figure is divided between new investment, 0.7 billion rubles, and capital repair, 0.3 billion rubles, in the same proportions as money expenditures.

4. Government Sector (see II, D, 3, c, (2), p. 64, above).

Total new fixed capital investments by the Government Sector are estimated at 6.5 billion rubles, including investment by the Ministry of Defense of 4 billion rubles, by social-cultural ministries of 2 billion rubles, and by administrative organizations of 0.5 billion rubles, all of which was provided by the budget.

The component estimates above are based on such tenuous evidence that the possibility of rather large errors is suggested.

The estimate of investments by the Ministry of Defense of 4 billion rubles is derived by relating planned construction for defense-related industries in the year 1947 to total investments and to total defense expenditures in 1947 and 1950. The 1947 plan for the volume of construction-installation work by contract organizations of the Ministry of Construction of Military and Naval Enterprises was 1.75 billion rubles (expressed in 1945 prices). <sup>312/</sup> This planned contractual work was undertaken for both the Ministry of Defense and other industries related to the Ministry of Defense.

In order to derive an estimate of total defense investment in 1947, it was assumed that defense-related contractual construction bore the same relation to total defense-related construction and that total defense construction bore the same relation to total new fixed capital invested in defense-related industries as general contract construction (all state sectors) did to general construction, which in turn was related to general new fixed capital investment.

Contract construction in 1947 (in 1955 prices, which are within 5 percent of 1945 prices) was 68 percent of total general construction, which in turn was 65 percent of total new fixed capital investment (exclusive of kolkhoz investment). <sup>313/</sup> Thus total defense investments in 1947 can be roughly estimated at 4 billion rubles ( $1.75 \div (0.65) (0.68) = 4.0$  billion rubles). It is necessary to make an estimate of the share of work for the Ministry of Defense and the share for defense-related industries. It is conjectured that 50 to 80 percent was for the Ministry of Defense in 1947; thus 50 to 80 percent

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of 4 billion rubles would give an estimate of 2 billion to 3 billion rubles for Ministry of Defense investment. This estimate of 2 billion to 3 billion rubles in 1947 can be related to (a) total investments in 1947 and 1950 and to (b) total defense expenditures in 1947 and 1950, as follows. (a) Planned centralized investments in 1947 were 50 billion rubles. 314/ An estimate of 2 billion to 3 billion rubles of Ministry of Defense investments would represent 4 to 6 percent of the planned total. In 1950, actual centralized investments were estimated at 118 billion to 120 billion rubles. If the 4 to 6 percent range is applied to this total, a range of 4.7 billion to 7.2 billion rubles is obtained. (b) Total defense expenditures in 1947 came to 66.3 billion rubles. 315/ The estimate of 2 billion to 3 billion rubles for Ministry of Defense investments in 1947 would be 3.0 to 4.5 percent of defense expenditures. Application of this percentage to 1950 defense expenditures yields an investment estimate for the Ministry of Defense of 2.5 billion to 3.7 billion rubles.

The upper and lower ranges resulting from the use of methods (a) and (b), therefore, are 2.5 billion to 7.2 billion rubles. An estimate of 4 billion rubles is taken as a conjecture. This comes to 5 percent of the defense budget for 1950. As a check on the reliability of this estimate, it can be compared to the relationship of construction to total defense expenditures in the US, which during 1951-55 ranged between 2.5 and 5.0 percent as a percentage of total defense expenditures. 316/

The estimate of 2.0 billion rubles for so-called social-cultural investments was derived by starting from a large aggregate (expressed in 1955 prices) and deducting other expenditures, thus treating social-cultural as a residual.

Investments in housing, communal services, and social-cultural measures in 1951-55, in 1955 prices, amounted to 120 billion rubles. 317/ Of this amount, approximately 95 billion rubles were invested in housing, leaving a balance of 25 billion for communal and social-cultural investments. 318/ In terms of 1950 prices, this residual of 25 billion rubles is approximately 30 billion rubles for 1951-55.

This figure represented "nearly a 50-percent increase" 319/ above the years of the Fourth Five Year Plan period (1946-50), which can be estimated, therefore, to have come to 20 billion rubles. From these two pieces of evidence an estimate of 5 billion rubles for 1950 (in current prices) is made.

From this total, communal investments are estimated at 3 billion rubles on the basis of the Fourth Five Year Plan of

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12 billion rubles. <sup>320/</sup> This estimate leaves a balance of 2 billion rubles for social-cultural investments. It is assumed that the entire amount was spent under the social-cultural budget. It is conjectured that about 0.5 billion rubles were spent in 1950 for the construction of administrative facilities.

B. Capital Repairs.

1. Nonagricultural Sector (see II, B, 3, a, (1), p. 28, above).

The estimate of 21.3 billion rubles results from deducting from total capital repairs of 26.0 billion rubles <sup>322/</sup> (excluding collective farms) capital repairs for state agriculture of 2.8 billion rubles and for the Government Sector of 1.9 billion rubles. The sources for financing this sector's capital repairs include 18.3 billion rubles from consumption allowances, 2.5 billion rubles from retained profits, and 0.5 billion rubles from other sources.

The estimate of the use of capital consumption allowances of 19.5 billion rubles for this purpose was made by deducting other sources from the control total of 26.0 billion rubles.

The estimate of 2.5 billion rubles for retained profits financing was based on the use of a planned relationship in 1949, when 12 percent of retained profits were to be used as expenditures for capital repairs. <sup>323/</sup> It is assumed that, of retained profits, 10 percent, or 2.5 billion rubles, were used for such a purpose in 1950. Based on conjecture, 0.5 billion rubles were assigned to capital repairs from other sources such as director's funds, rental receipts from nondwelling buildings, bank loans, and above-plan profits.

2. Agricultural Sector (see II, C, 3, a, (1), p. 46, above).

The total of 4.3 billion rubles is composed of capital repairs by MTS's of 1.6 billion rubles (see II, C, 3, a, (1), (a), p. 46, above), by state farms of 1.2 billion rubles (see II, C, 3, a, (1), (b), p. 46, above), and by collective farms of 1.5 billion rubles. Collective farm expenditures of 1.5 billion rubles are made up of 1.2 billion rubles from nonlabor expenditures <sup>324/</sup> and an estimated 0.3 billion rubles as labor-in-kind payments (see A, 2, p. 136, above).

The source of financing MTS capital repairs was from the state budget; state farm from capital consumption allowances; and collective farm from the "indivisible fund" here classified as "other sources."

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3. Government Sector (see II, D, 3, c, (1), p. 63, above).

The total of 1.9 billion rubles is based on a conjectured estimate of 0.5 billion rubles for capital repairs by the Ministry of Defense and 1.4 billion rubles by social-cultural ministries in the Government Sector. The source of financing is assumed to be entirely from the state budget.

4. Summary of the Sources of Financing of Capital Repairs.

The following tabulation shows in summary form the sources of financing capital repairs in the three sectors:

Sources of Financing Capital Repairs

Sector	Billion Current Rubles				
	Amortization	Budget	Retained Profits	Other	Totals
Nonagricultural	18.3	0	2.5	0.5	21.3
Agricultural	1.2	1.6	0	1.5	4.3
Government	0	1.9	0	0	1.9
Total	<u>19.5</u>	<u>3.5</u>	<u>2.5</u>	<u>2.0</u>	<u>27.5</u>

C. Capital Consumption Allowances.

1. Nonagricultural Sector (see II, B, 1, c, p. 21, above).

Capital consumption (amortization) allowances of 27.6 billion rubles were estimated by deducting the allowances for the Agricultural Sector from the total allowances of 29.0 billion rubles (no allowances are indicated for the Government and Household Sectors). Total capital consumption allowances were derived as follows. Total capital repairs in 1950 were announced at 26 billion rubles 325/ (excluding kolkhoz and household repairs). Of this total, 19.5 billion rubles were financed from capital consumption allowances (see B, 4, above).

It is then necessary to estimate what share of total capital consumption allowances was used for capital repairs in order to derive total allowances. Although this share is not for the economy as a whole, certain sector data are available. In 1950, industry in general used 58.8 percent 326/ of capital consumption allowances for capital repairs; the Ministry of Railroads, 100 percent 327/; and state farms, in 1951, 85 percent, 328/ and, in 1952, 80 percent. 329/

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Sectors obtaining allowances from nonproductive assets have devoted about 60 percent to capital repairs throughout the post-war period. From the above and from known distribution of assets, it is assumed that capital repair financing at the rate of 85 percent was applicable to the remaining 30 percent of amortized assets. Thus an average of 67 percent is estimated.

Total capital consumption allowances of 29 billion rubles are therefore indicated on the basis of 19.5 billion rubles (used for capital repairs) representing 67 percent of the total allowances.

The difference between 29 billion rubles and 19.5 billion rubles is used to finance new investments.

2. Agricultural Sector (see II, C, 1, c, p. 35, above).

For the estimate of 1.4 billion rubles, see II, C, 1, c, p. 35, above.

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APPENDIX D

SOURCE REFERENCES

Evaluations, following the classification entry and designated "Eval.," have the following significance:

<u>Source of Information</u>	<u>Information</u>
Doc. - Documentary	1 - Confirmed by other sources
A - Completely reliable	2 - Probably true
B - Usually reliable	3 - Possibly true
C - Fairly reliable	4 - Doubtful
D - Not usually reliable	5 - Probably false
E - Not reliable	6 - Cannot be judged
F - Cannot be judged	

"Documentary" refers to original documents of foreign governments and organizations; copies or translations of such documents by a staff officer; or information extracted from such documents by a staff officer, all of which may carry the field evaluation "Documentary."

Evaluations not otherwise designated are those appearing on the cited document; those designated "RR" are by the author of this research aid. No "RR" evaluation is given when the author agrees with the evaluation on the cited document.

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