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**SOVIET TRADE  
AND DISTRIBUTION**

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AND  
DISTRIBUTION**

**BY  
LEONARD E. HUBBARD**

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## AUTHOR'S NOTE.

IN *Soviet Money and Finance*, published in 1936, I described the financial system of the Soviet Union, mainly as it affects State and national enterprise. But the rouble plays as important a part in the life of the ordinary Soviet citizen as does the currency of any country in the lives of the people; and in *Soviet Trade and Distribution*, in addition to describing the organisation and mechanism of distribution, I have tried to show how the flow of goods and their prices are related to the purchasing power of the money incomes of the people. If I have dealt with the various distributive organisations and their particular functions in somewhat tedious detail, it is because I thought it worth while to make a complete record of a system that is certain to undergo many important alterations before it attains any degree of permanent stability.

A great deal of the contents of this book is based on principle, particularly in regard to planning, and must not be accepted as an accurate description of what is done in practice. The whole economy of the Soviet Union is run on a compromise between theoretical planning and expediency. Since no Soviet official or employee dare admit that planned procedure is not always carried out, it is only by occasional hints and chance peeps behind the scenes that the foreign investigator begins to realise how different are Plan and Practice.

In attempting to give an objective description and analysis of any branch of Soviet economy, the difficulty is to strike a fair balance between scepticism and credulity. It would be too arbitrary to reject all official statistics and statements as worthless; on the other hand, to accept them without qualification would give a very misleading and far too favourable complexion to the situation. It seems to me, on the whole, better to give a too optimistic view of Soviet trade than to risk being over-critical and so render the system less than justice. Besides, even if theory is far from being completely translated into fact, the theories and principles on which the distributive system is organised and operated are in themselves of no little interest. I have therefore proceeded on the supposition that the Soviet distributive system is more or less organised and operated in accordance with theory, but have been careful to indicate where personal observation or a comparative analysis of official facts and figures reveal obvious discrepancies between principle and practice.

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## INTRODUCTION

**B**



## INTRODUCTION

COMMUNISM as contemplated by the original Bolsheviks can exist only in conditions of equal poverty or of wealth sufficient to gratify all desires. But poverty makes no appeal to the ordinary human being and the Russian Communists never adopted it as their guiding principle. Greed and envy, they said, flourish in conditions of poverty and inequality. To abolish these it is necessary to produce wealth in such volume that all members of the community are fully satisfied and there are no "have nots" to covet the possessions of the "haves". Precisely how this wealth when available is to be distributed is not explained. There will be no money, because money being the measure of what the individual earns, is also the measure and limit of what he may consume. And when Communism has been established consumption will not depend on earnings but on the inalienable right of each member of the community to receive according to his needs.

Whether a Communist society can more successfully gratify all the desires of every member of the community than a system based on private property still lacks proof, for in the Soviet Union so far there is no question of satiety. On the contrary many legitimate desires and even needs of the community cannot be satisfied, and the fundamental principle of Communism, "from each according to his capacity, to each according to his needs", now reads

### *Introduction*

—“to each according to his worth”.

So Soviet workers still earn money wages varying widely from the salary of the highly qualified, highly paid expert, to the subsistence wage of the rank-and-file labourer. In this there is no apparent difference between Soviet Russia and any other country, and in fact in most material things the Soviet worker is in the same position as his capitalist opposite number. In theory he may have an infinitesimal share in the country's means of production; but in practice he is just a hired hand in one of the many State enterprises liable to penalties and dismissal. According to Trotsky, “State property becomes the property of the whole people only to the degree that social privilege and differentiation disappear, and therewith the necessity of the State”.<sup>(1)</sup> In Soviet Russia all State property and enterprises are administered by the Government through its various departments and subordinate organisations. The Government is thus the employer of all those employed in State enterprises. But it combines the rôle of employer with that of provider, for the worker spends the wages he earns as a State employee in buying from State shops.

The only satisfactory way of distributing the available flow of consumption goods among the members of the community, in accordance with the value of their respective labour, is to allow the consumer to spend his income on those goods which he considers most desirable. The rationed distribution of goods, a temporary expedient when little more than the bare necessities of life were available, was abandoned when the volume and selection of

### *Introduction*

consumption goods afforded a reasonable margin of choice. But the Soviet Government when reverting to free retail trade was not prepared to permit the consumers to dictate the production of consumers' goods. The central planning of production and distribution precludes a free commodity market : and consequently a distributive system has been evolved differing in many important respects from trade as carried on by private enterprise in capitalist countries. Soviet internal trade as carried on to-day and the different wholesale and retail organisations have evolved gradually as the result of trial and error since the beginning of the Soviet régime. It is therefore impossible to deal with the existing system without some survey of the developments that led up to it.

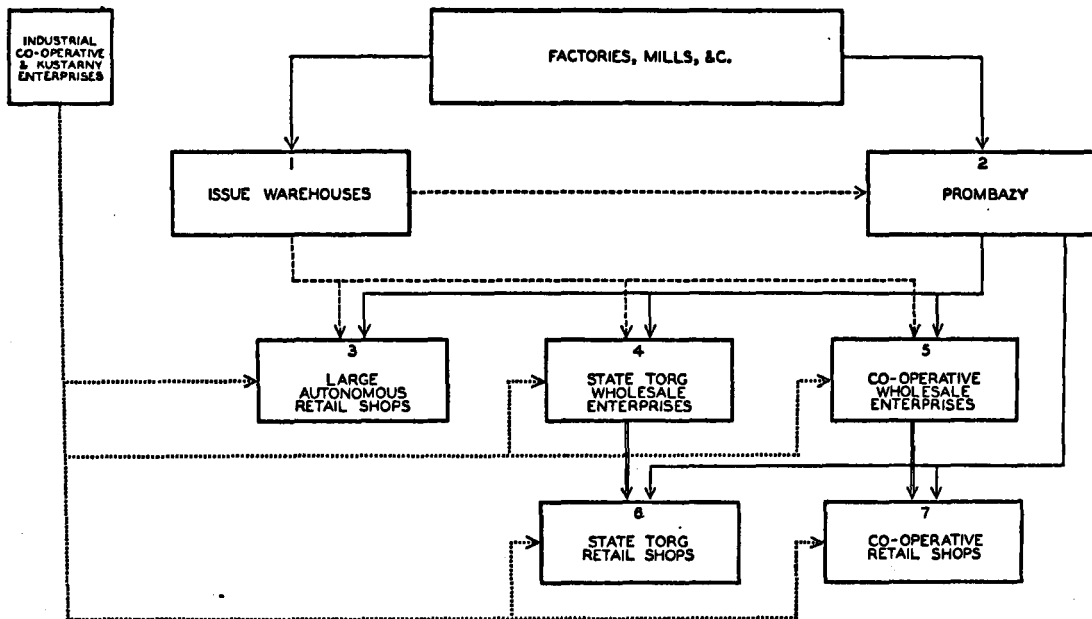
## **APPENDICES**

### *Explanatory Notes to opposite Diagram*

- (1) Practically the whole output of industries producing complex goods such as textiles is delivered from the factory to issue warehouses, where it is graded, sorted and made up into appropriate consignments for despatch to Prombazy and other wholesale organisations.
- (2) Prombazy, distributing goods of complex assortment, normally receive their stocks from issue warehouses as noted above. But Prombazy distributing homogeneous goods such as sugar, salt, flour, etc., receive supplies direct from factory or mill.
- (3) " Model " Univermagy and other autonomous retail shops with a sufficiently large turnover have the right of obtaining goods direct from industrial wholesale organisations, and therefore have small dealings with the secondary wholesale enterprises of State and co-operative retail organisations.
- (4) The wholesale warehouses belonging to State Torgi obtain stocks from the industrial wholesale organisations and industrial co-operatives for resale to the small shops, whose requirements of any particular class of goods are too small to be conveniently supplied by the Prombaz or issue warehouse.
- (5) The co-operative wholesale warehouses, mainly those belonging to Raybazy, fulfil in the country much the same functions as the Torg wholesale warehouses fulfil in the towns. That is, they supply the Selpo shops with assorted consignments of manufactured goods.
- (6) The medium and small Torg shops may obtain consignments of homogeneous goods direct from the appropriate Prombazy, but supplies of complex assortment are normally supplied by the Torg wholesale department. The goods, of course, are not necessarily unpacked and repacked in the Torg warehouse, but are redistributed by it and not consigned direct to the shop from issue warehouses or Prombazy.
- (7) Selpo shops, Selmagy, etc., are supplied by their Raybazy in the same way as the wholesale departments of Torgi supply urban shops. All retail shops may obtain goods direct from co-operative and Kustarny manufacturing enterprises in their immediate neighbourhood, but this naturally applies mainly to small enterprises turning out simple articles with primitive means. The large industrial co-operative enterprises manufacturing, say, ready-made clothing or footwear, often maintain their own retail shops, but in any case only supply those State or consumer co-operative trading organisations, whether retail or wholesale, which can give reasonably large orders.

# APPENDIX No. 1

## DIAGRAM OF STATE AND CO-OPERATIVE DISTRIBUTIVE SYSTEM



## APPENDIX No. 2

### PRINCIPLES OF PLANNING THE DISTRIBUTION OF RETAIL GOODS

THE two enactments given in detail below show how planning is conducted in stages, the competent organ in each stage making a more detailed distribution of the supply of goods than the one above. It should be clearly understood that the Plans in question do not deal with actual volumes of specific goods, but with values.

#### I

#### A RESOLUTION OF THE PRESIDIUM OF TSENTROSOYUZ, OF 11TH MARCH 1937, RELATING TO THE ORDER OF PLANNING THE GOODS TURNOVER AND GOODS FUNDS OF DISTRICT SHOPS (RAYMAG) AND VILLAGE SHOPS (SELMAG)

With a view to increasing the responsibility of District Unions of Consumers' Co-operatives (Raysoyuz) in respect of specialised retail trade and to bringing Plans into full accord with the peculiarities and capacities of the individual district and village shops, the Presidium of Tsentrosoyuz resolves—

- (1) To cease the present system of planning the goods turnover and goods funds of district and village shops by Tsentrosoyuz or Republican or Provincial Unions, as the case may be.
- (2) That the planning of goods turnover and goods funds of district and village shops shall be conducted as follows :
  - (A) Tsentrosoyuz shall distribute the supply of "planned" and "regulated" industrial goods in bulk among the several Republics

*Appendix No. 2*

- and Provinces, without subdivision between district and village shops.
- (b) Republican and Provincial Unions, when dividing the quarterly supply of goods among their several districts, shall determine the total value of sales of "planned" goods through the district shops and the village shops respectively without further subdivision to each individual shop.
  - (c) The distribution of the supply of goods to each individual district and village shop shall be carried out quarterly by the administration of the District Union (Raysoyuz).

II

CIRCULAR OF THE PEOPLE'S COMMISSARIAT OF INTERNAL TRADE OF THE U.S.S.R., OF 21ST DECEMBER 1936, RELATING TO THE ORDER OF PLANNING THE RETAIL GOODS TURNOVER OF LOCAL TORGI

*To the People's Commissariats of Internal Trade of Federated and Autonomous Republics and the Provincial Departments of Internal Trade :*

It is proposed to institute as from 1st January 1937 the following form of planning the retail turnover of local Torgi :

- (1) The People's Commissariat of Internal Trade of the U.S.S.R. shall determine the annual and quarterly retail turnover plans as a whole for the individual Glavtorgi.
- (2) The Glavtorgi shall determine the annual and quarterly retail turnover plans in bulk for the Torgi of the Federated Republics, in which there are no separate Provinces, and for the Torgi of the Autonomous Republics and Provinces.
- (3) The annual and quarterly plans for each separate Torg shall be determined by the People's Commissariat of Internal Trade of Federated Republics,



*Appendices*

not subdivided into Provinces, the People's Commissariats of Internal Trade of the Autonomous Republics and the Provincial Departments of Internal Trade, and shall in due course be communicated to the appropriate Glavtorg.

## APPENDIX No. 3

### COMPULSORY GRAIN DELIVERIES

DECREE OF THE COUNCIL OF PEOPLE'S COMMISSARS CONFIRMING THE INSTRUCTIONS OF THE COMMITTEE OF COLLECTIONS REGARDING THE CONDUCT OF COMPULSORY DELIVERIES OF GRAIN TO THE STATE, 16TH MAY 1937

(The full text of the Decree covers 8 sections and 64 clauses. The most important points are given below.)

THE amount of grain due from every Kolhoz shall be determined by the authorised agent of Zagotzerno in the Rayon in accordance with—

- (a) The planned areas to be sown to winter and spring grains as fixed for each Kolhoz by the Rayon Executive Committee.
- (b) The quota per hectare as confirmed by Zagotzerno and promulgated by the Council of People's Commissars of the relevant Federated or Autonomous Republic, or the Provincial Executive Committee, for Kolhozy served by M.T.S. and Kolhozy not served by M.T.S. in each administrative Rayon.

The following crops are subject to compulsory deliveries: rye, wheat, barley, oats, millet, buckwheat, spelt, maize, tares (seed only), peas, lentils and beans.

The amount of compulsory deliveries is fixed separately for the basic crops (wheat, rye and beans), and in some regions also for maize, on the basis of the area planned to be sown to each crop by each Kolhoz in the autumn of 1936 and the spring of 1937.

The amount of "other" grains (barley, oats, buckwheat, millet, etc.) to be delivered is calculated as follows:

### Appendices

(Example) A Kolhoz plan provides for sowing 100 hectares in autumn and 400 hectares in spring to all grain crops, and the average delivery amounts to 3 quintals per hectare, or 1500 quintals in all. Of the total area 150 hectares are sown to wheat, the delivery of which is at the rate of 3.5 quintals or 525 quintals in all. Rye is sown on 40 hectares, the delivery being at the rate of 4 quintals, or 160 quintals in all. Beans are sown on 25 hectares, the delivery being at the rate of 2 quintals, or 50 quintals in all.

Thus, out of 1500 quintals the Kolhoz has to deliver—

Wheat . . .	525 quintals
Rye . . .	160 „
Beans . . .	50 „
	<hr/>
	735 „
	<hr/>

The remaining 765 quintals may be delivered in any proportions of other grains.

Certain variations of the scale are permitted when the sowing plan provides for abnormal distribution of the land under the different crops.

In certain specified regions newly reclaimed land, *e.g.* cleared scrub-land or drained marsh-land, are exempt from compulsory deliveries in respect of crops grown on it. Land sown in excess of the spring sowing plan is also exempt. But in all other regions the whole area planned to be sown to spring grains, even though the plan be not realised, and any land sown in excess of the plan is subject to the quota.

Without exception deliveries must be made in respect to the whole winter sowing plan, whether realised or not. But land sown in excess of the plan is exempt.

Substitution of certain grains for others is permitted as follows :

Instead of a pud of wheat or rye, one pud of millet or 30 pounds (*i.e.*  $\frac{3}{4}$  pud) of buckwheat.

*Appendix No. 3*

Wheat and beans may be delivered in place of rye, pud for pud.

“ Other ” grains (barley, oats, etc.) may be substituted by an equivalent weight of any of the three basic crops.\*

Quota grain must be delivered to an elevator or other designated collecting point by the Kolhoz by means of its own transport and must conform to certain fixed minimum standards of quality. Anyone trying to pass off grain of inferior quality and any official accepting delivery of inferior grain will be held legally responsible.

In the event of a Kolhoz failing to fulfil its obligations, the Rayon representative of Zagotzerno shall hold an enquiry to determine whether it is the fault of the Kolhoz or not. The case is then to be referred to the Public Prosecutor, who proceeds against the Kolhoz administration. If the charge be proved, the penalty is a money fine equal to the value of the grain in default at the Government's purchasing price (20 per cent over the fixed quota price : see Chapter XX) in addition to the delivery of the deficit.

Appeals against assessments of compulsory deliveries may be made to the Republican or Provincial representative of Zagotzerno through the Rayon representative. (That is to say, appeals are made to and decided by the same authority that makes the assessment.)

*Note.*—The law contains no indication at all of what is considered a valid excuse for failing to complete the compulsory quota.

On 20th March 1937 a decree of the Council of People's Commissars excused all Kolhozy and independent peasants from completing their unfulfilled quotas in 1936 ; and on 9th April the People's Commissariat of Justice issued an injunction to all Republican Commissariats and Republican and Provincial Public Prosecutors to withdraw

\* The official Soviet figures of yields in quintals per hectare in 1934 and 1935 show that if wheat be taken as 100, the yield of other grains is as follows :

Oats . . .	120	Buckwheat . . .	68
Rye . . .	102	Millet . . .	59
Barley . . .	102		

### *Appendices*

all cases connected with non-fulfilment of grain deliveries. A special amnesty was granted to defendants already sentenced to penalties.

A number of important grain regions were seriously affected by drought in 1936. In view of the fact that compulsory deliveries should have been completed well before the end of the year and that cases of non-fulfilment were being tried in the following March, there is ample ground for thinking that many cases of default were due to absolute inability to deliver the quota from the poor crop harvested. It must have been obvious already at harvest time in the drought-stricken areas that the crops were insufficient to cover the assessed quotas through no fault of the Kolhozy, yet this was not accepted as a valid excuse, as the subsequent trials prove.

## APPENDIX No. 4

### DECENTRALISED COLLECTIONS

#### DECREE OF THE COUNCIL OF PEOPLE'S COMMISSARS, 19TH AUGUST 1935, CONCERNING THE DECENTRALISED COL- LECTION OF NON-GRAIN AGRICULTURAL PRODUCE

THE Council of People's Commissars notes that the decentralised collection of non-grain agricultural produce is proceeding unsatisfactorily. Many organisations fulfil only 40 to 50 per cent of their Plans. . . . The authorised representatives of purchasing organisations systematically violate the fixed conventional prices. . . . Collecting organisations do not properly carry out their operations in the countryside by buying directly from the Kolhozy, but in a majority of cases confine their activities to the Rayon centres and the markets and thus lay themselves open to buying goods at second hand (*i.e.* from middlemen). . . . Operating costs are often 50 to 60 per cent of the value of the produce obtained, and sometimes 100 per cent. . . . The Conventional Bureaus in many cases are inactive and fail to cope with these grave violations of the law. . . . The Council therefore decrees :

Decentralised collections are entirely forbidden in the markets of large towns and other consuming centres and in the markets of contiguous Rayony.

Restaurants, rest homes, children's homes, crèches, hospitals, railway buffets, etc., may purchase produce for their own use only in their allotted Rayony, where they may buy on the local markets and bazaars.

The Committee of Collections shall revise the lists of enterprises and institutions permitted to engage in decentralised collecting with a view to their reduction, permitting only the more important organisations to continue to practise collecting.

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At the same time the Committee of Collections shall specify those enterprises, etc., which shall have the right of concluding direct contracts with Kolhozy and those which may carry on decentralised collecting only through the medium of primary organs of the Consumers' Co-operatives (Selpo), State trading and specialised collecting organisations.

As a general rule, collecting organisations shall procure produce through long-term contracts with Kolhozy in the remote countryside (*i.e.* in districts distant from town markets).

The Committee of Collections shall allot Rayony to authorised collecting enterprises for a period of two to three years.

The collection of produce on terms involving Otovari-  
vanie in the sense of affording productive assistance to Kolhozy is forbidden (*i.e.* collecting organisations shall not as part of their contract assist Kolhozy with technical assistance such as architects to design buildings, engineers to supervise the digging of wells, etc., nor with building material, machinery, etc.).

State enterprises such as Glavmasloprom (Chief Administration of Oils and Fats Industry), Glavmoloko (Chief Administration of Dairies), Glavmiaso (Chief Administration of Meat Industry) and Tsentrosoyuz shall put their enterprises at the disposal of collecting organisations for working up and manufacturing their produce.

The Republican, Provincial and Rayon Conventional Bureaus shall be reorganised and be constituted as follows :

President : the authorised local representative of the Committee of Collections. Members : the manager of the local organ of the People's Commissariat of Internal Trade and the manager of the local office or branch of the State Bank and, in Rayon Bureaus, the president of the Raysoyuz.

The Committee of Collections shall determine the limits of conventional prices in each Republic and Province for cattle and meat of all sorts, eggs, domestic poultry, milk, butter, garden fruit, potatoes, tomatoes, cucumbers and onions, and revise the prices at least once every quarter, taking into account changes in the open market prices.

*Appendix No. 4*

The authorised representatives of the Committee of Collections in the Republics and Provinces shall cause the conventional prices for the above commodities to be reviewed at least once a month within the price limits fixed by the Organisation.

The Republican and Provincial Bureaus shall fix and revise price limits for all other non-grain produce.



## APPENDIX No. 5

### COLLECTING ACTIVITIES OF SELPO

DECREE OF THE COUNCIL OF PEOPLE'S COMMISSARS, 9TH APRIL 1936, CONCERNING THE IMPROVEMENT OF THE COLLECTING ACTIVITIES OF VILLAGE CONSUMERS' CO-OPERATIVES AND THE REDUCTION OF THE NUMBER OF PRIMARY STATE COLLECTING ORGANS

EVERY village Consumers' Co-operative is obliged to carry out collections of agricultural produce and raw material :

- (a) According to a central plan received through the Rayon Union of Co-operatives or under contractual agreement with State collecting organisations.
- (b) Under the system of decentralised collections.

State collecting organisations are to be dissolved as follows :

For collecting down and furs	.	in 243 rayons
„ hide, skins, etc.	.	„ 169 „
„ wool	.	„ 109 „
„ fruit and vegetables	.	„ 160 „
„ butter	.	„ 32 „

In Rayony where the State collecting organisations hand over their activities to the consumers' co-operatives they shall transfer to the latter all staff, premises, apparatus, transport, etc.

The Committee of Collections (now the People's Commissariat of Agricultural Collections) shall proceed to a reduction of the number of organisations empowered to conduct decentralised collections from 2385 to 1475. Of these, 589 organisations shall be permitted to conduct their collecting activities only through consumers' co-operatives ;

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the remainder may work through the co-operatives or may negotiate directly with the producers.

The Consumers' Co-operative Society shall make contracts with the State Collecting Organisations for the full amount of produce agreed to be delivered. Produce collected in excess of the contracts shall be offered in the first instance to the collecting organisations with whom contracts have been made. The Rayon Unions must conduct their collecting operations only through the Selpo.

The Selpo shall carry out their collections through collectors drawn from the members of the Kolhozy, who shall receive payment according to the nature of their work.

The administration of all the collecting activities of the Selpo is in the hands of the collecting office of the Rayon Union of Consumers' Co-operatives.

The following are the scales of payment to the Selpo to cover the costs of collection, storage, sorting, etc. :

Butter . . . . .	28 roubles per quintal
Eggs . . . . .	35.40 roubles the box
Hides and skins . . . . .	13.3% of the conventional price
Wool . . . . .	450 roubles the ton
Down and feathers . . . . .	21.5% of the price
Potatoes . . . . .	From 5 to 5.8% of the price
Vegetables generally . . . . .	From 4.6 to 5.4% of the price
Fruit . . . . .	4% of the price

As a further stimulus to increase collections all Selpo shall receive 50 per cent of the profits realised by Rayon collecting offices through the sale of produce procured through the Selpo.

To supervise the collecting activities generally special organisations shall be formed by Tsentrosoyus for the following commodities :

Milk and butter	Raw material
Meat and poultry	Fruit and vegetables

Similar organisations, according to special lists, shall be formed by the Republican and Provincial Consumers' Co-operative Unions to correspond with the type of produce collected under their jurisdiction.

## APPENDIX No. 6

### PEASANT INCOME

It was stated in *Pravda* of 2nd February 1938 that the Kolhozy of the Soviet Union paid the sum of R.1695 million into their non-divisible funds during 1937. The "Model Constitution" for Collective Farms (see Appendix No. 8) laid down that not less than 10 per cent and not more than 20 per cent of each farm's money revenue shall be appropriated to the non-divisible fund (i.e. a collective fund for purchasing new live and dead stock, building material, etc., for paying wages to outside workers engaged for building, etc., and for the repayment of long-term loans). The remainder of the net money income shall be divided among the Kolhozniki in proportion to the number of labour days performed by each.

Assuming that on an average the Kolhozy placed 15 per cent to their non-divisible fund, the divisible money revenue in 1937 was about R.9600 million; and assuming that the fully employed Kolhozniki amount to an equivalent of 40 millions, the money dividend for a full year's work would have been R.240. On page 298 it was calculated that the average dividend was R.120 in 1935. It would seem, therefore, that in 1937 it was about double that sum. This would not be very surprising if the following circumstances be taken into account. The harvest in 1937 was, to judge by the meagre information available, some 15 to 20 per cent larger than in 1935, which of course meant a much larger increase in the marketable surplus; the quantity of livestock was also considerably larger in 1937 than in 1935; after derationing in 1936 the prices for compulsory deliveries of grain were raised by some 20 per cent, and prices for industrial crops were raised very much more to compensate the peasants for the loss of "Otovarivanie". In fact there are a number of reasons for thinking

*Appendix No. 6*

that the peasants' money income has expanded considerably since 1935. The purchasing power of their incomes has not increased to the same degree, because the general level of retail prices of industrial goods was higher in 1937 than in 1935, when allowance is made for the proportion of consumption goods sold at ration prices in the earlier year.

## APPENDIX No. 7

### AGRICULTURAL YIELDS

THE following table shows the average yield in quintals (approximately 220 lb.) per hectare of a number of important crops and the approximate equivalent in bushels per acre. The figures for the quinquennium 1909-13 are taken from *Die Krise der Sozialistischen Landwirtschaft in der Sowjetunion*, by Dr. Otto Schiller (Berlin, 1933), and for the quinquennium 1931-35 from *Sotsialisticheskoe Stroitelstvo*, 1936.

It may be noted that in 1933 and subsequent years the Soviet method of estimating crop yields of grain was to calculate the quantity of grain in the standing crops and make an allowance of 10 per cent for harvesting losses. Since harvesting losses in the U.S.S.R. certainly average over 40 per cent, this method of calculation gave a higher statistical yield than was in fact actually harvested.

	1909-13		1931-35	
	Quintals per Hectare	Bushels per Acre	Quintals per Hectare	Bushels per Acre
Winter wheat .	8.7	13.0	9.0	13.4
Spring wheat .	6.2	9.2	6.6	9.8
Rye . . .	7.5	11.9	8.7	13.8
Oats . . .	8.0	15.0	8.7	15.8
Barley . . .	8.6	12.6	8.6	12.6
Maize . . .	10.1	15.0	10.4	15.5
All grains . . .	7.5	11.8	7.9	12.0
Sugar beet . . .	160.7	..	90.6	..
Potatoes . . .	69.1	..	81.6	..
Flax fibre . . .	4.0	..	2.3	..

*Note.*—The bushel being a measurement of volume and the quintal a measurement of weight, the ratio between quintals and bushels varies according to the difference in weight of a given volume of different grains.

## APPENDIX No. 8

### THE KOLHOZ STATUTES

MODEL statutes for Kolhozy were drawn up and issued at the beginning of 1935. While the normal organisation of the Kolhoz and the status of Kolhozniki were not materially altered, the rights and liabilities of the Kolhoz collectively and the Kolhozniki individually were defined and legalised.

The standard form of Kolhoz is the artel. The Kolhozniki in this type of Kolhoz form an association for holding and cultivating the land in common and for collectively owning all farm buildings, working livestock, machinery and plant. But dwelling-houses, a small allotment of land and a certain head of productive livestock may be in the possession or use of individuals. The land occupied by a Kolhoz remains in the nominal ownership of the State, but is transferred in perpetuity to the Kolhoz. No rent is payable to the State, and the Kolhoz may not alienate any portion of its land, except in so far as small holdings are allotted from the communal land to individual households.

The amount of land and the head of livestock in the private use and possession of each household varies according to the geographical region and the principal activity of the Kolhoz. In predominantly agricultural regions each household may own one cow, two calves, one or two breeding sows with progeny, up to ten sheep and goats, an unlimited quantity of poultry and rabbits, and up to twenty beehives.

In regions where stock farming is well developed alongside arable farming these quantities are increased to a maximum of three cows and an unspecified number of calves, three sows, twenty-five sheep and goats.

In the regions of small agricultural importance where

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the population is of a nomad or semi-nomad character, private ownership may extend to five cows, forty sheep and goats, three sows, and in addition one horse or milch mare for producing koumis, or two camels, or two asses, or two mules.

In purely nomad regions private herds may include ten cows, one hundred and fifty sheep and goats, ten horses and eight camels.

In respect to land, the household allotment in more or less intensive arable regions is from  $\frac{1}{4}$  to  $\frac{1}{2}$  hectare (0.6 to  $1\frac{1}{2}$  acres), but may be increased to 1 hectare (2.5 acres) where local conditions permit. This is exclusive of the garden or allotment immediately surrounding the house.

The work of the Kolhoz is performed by its members in accordance with a scheme determined by the members themselves at general meetings. All members have to perform the tasks allotted to them, their individual shares in the divisible surplus of produce and money being proportionate to the number of days' work they perform. The accounting value of a day's work, however, differs in accordance with the type of work; thus simple and unexacting labour such as cattle herding and night watchman counts less than tractor driving, ploughing, etc.

The administration of the Kolhoz is in the hands of a President and Committee elected by a general meeting of members. The administrative staff consists of the President, who is credited with a day's work, generally counting as two units, for every working day, a book-keeper and possibly a correspondent and one or two other clerical workers, according to the size of the farm. These are often employees paid a fixed wage or salary, since many Kolhozy do not include among their members persons with the necessary clerical qualifications. Formerly Kolhoz Presidents were frequently proletarian Communists nominated or appointed from outside by local Party organisations. These as a rule knew little about farming and cared little for the success of the farm or the interests of the members. There was astonishing fluidity among these appointees and few stayed on one farm for any considerable period. Many Kolhozy changed their President several times in the year.

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To-day possibly a majority of Kolhoz Presidents are genuine members and old residents of the village.

The total amount of land and stock in the personal possession of Kolhozniki is considerable (there are about 18.5 million Kolhoznik households in all). It will therefore be realised that private enterprise accounts for a not inconsiderable proportion of the country's total agricultural produce. The Soviet Government was impelled by two considerations to grant these concessions. Firstly the collectivised peasants, when deprived of all personal property and initiative, became careless and apathetic. This was an important contributory cause to the harvest failures of 1931 and 1932 resulting in the famine of 1932-1933. Secondly, by allowing private allotments and private livestock, a considerable area of land is cultivated that for various reasons would have been neglected as Kolhoz land, and a considerable amount of rough grazing, refuse and by-products that would have been wasted under the collective system is utilised by the private owners of animals. In these ways the total quantity of food produced is materially increased. However, a large proportion of the younger generation of peasants, who have grown up without the tradition of the peasant farmer, tend to despise the aspirations and activities of the small holder, preferring to become tractor drivers, mechanics, soil experts and anything rather than mere farm labourers. Also, to dig a garden allotment or milk a cow after a day's hilarious tractor-driving is tedious and an anticlimax, especially if some other form of entertainment is available. It has therefore come about that the concession of private property to Kolhozniki, instead of being doled out as a favour, often has to be forced on reluctant recipients.



## APPENDIX No. 9

### SOVIET STATISTICS

UP to the year 1930 the State Planning Commission (Gosplan) issued a monthly review containing useful and generally reliable economic information. In 1930, however, Gosplan was purged of its non-Party experts and the Central Statistical Administration, which had ranked as a separate department, was placed under Gosplan and also purged. It was decreed that statistics had to "play a practical part in the war of communism against capitalism". Whatever statistics may be circulated confidentially among the leaders and chief officials in Government and Party, the published statistics to-day are neither objective nor reliable. In the first place no statistics of any sort are issued dealing with prices, currency, housing, cost of living and a number of other economic phenomena which are indispensable to a true evaluation of any economic system. The annual statistical summary, published by the Central Statistical Administration, is the chief and almost the only source of statistical information available to the ordinary individual. It devotes much space to industry and contains a few useful tables showing the annual volume of production of a few key products such as pig-iron, steel, cotton and woollen cloth, etc., but most production figures are expressed in hypothetical roubles having the purchasing power of 1926-27, a most unsatisfactory unit and one that allows scope for judicious manoeuvring. In any case prices are arbitrary, and the information that in 1937 the output of, say, furniture was planned at R.900 million means just nothing. If it is stated that the output in 1936 was R.678 million, it may be supposed that output in 1937 will be about 33 per cent more, but this cannot be taken for granted. The summary also contains some useful tables on agricultural yields, wages in general, and trade turnover,

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which can be accepted with certain reservations. It is, for instance, impossible to accept retail trade turnover figures at current prices as a true indication of increases in the actual supply of consumers' goods. Retail prices on the average consist to about 50 per cent of production and distribution costs to about 50 per cent of sales tax, which is tantamount to the Government's monopoly profit. During the planning era the incidence of tax increased very largely, thus inflating the money value of retail goods supplied to the population, while the actual volume expanded much more modestly. The wage tables give no hint at all regarding the differences between the remuneration of different sorts of labour. From occasional references in newspapers and publications it is clear that the difference between the highest and lowest industrial wages is exceedingly large.

It is impossible to say with certainty that Soviet statistics are deliberately falsified, but it is clear that they are presented in such a way as to give a far too optimistic picture of the real situation. Official conclusions are drawn from statistics that are in no way justified. At the conclusion of the first Five-Year Plan, Stalin himself announced in a formal report that the Plan for industrial production had been fulfilled 93·7 per cent. This was true only in so far as the value (at arbitrary prices of course) of actual industrial output in 1932 was 93·7 per cent of the planned value of industrial production in that year. It was admitted that in volume the output of a number of key products was considerably below the Plan. For instance—

	Actual Production in 1932	Planned Production in Final Year of the Plan
Coal, million tons .	64·4	75·0
Iron    "    " .	6·2	10·0
Steel    "    " .	5·9	10·4

The Plan was fulfilled very unequally, and it is nonsense to claim that over-production of one thing may be set off against under-production of another.

Further, it was, for example, claimed that the Plan for

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coal was 86 per cent fulfilled. But this claim was in fact not justified. The Plan provided for an increase from 35.4 million tons in 1927-28 to 75 million tons in the final year of the Pyatiletka, in other words an increase of 39.6 million tons. The actual increase was 29 million tons, or 73.3 per cent.

It is not improbable that some of the crises that have occurred in the Soviet economy have been due to, or at least exacerbated by, the Government or Gosplan itself being misled by false statistics issued by the Statistical Administration, either through carelessness or ineptitude or through fear of wrecking charges. Thus, it is believed that the results of the census taken at the beginning of 1937 were not published because they showed several millions less population than was consistent with the calculated net annual increase since the last census. From the official explanation that the census had been entirely bungled by the statistical officers concerned, it may be assumed that a number of persons in the Statistical Administration were severely disciplined for failing to find the missing millions.

The difficulties confronting the student and investigator into Soviet economy are complicated by the scantiness and unreliability of Soviet figures, but as no alternative is available they must be used, and it is the fault of the Soviet leaders themselves if unfavourable conclusions are the result of their omission to publish information on some aspects of the national economy and their too obviously tendentious treatment of most of the information that is published.

## APPENDIX No. 10

### THE ARTEL

THE artel is a very old Russian institution. Essentially it is a profit-sharing association of members, but, in Imperial times, an artel might be a permanent highly organised and capitalised concern or a mere temporary association of a few members for some specific purpose, such as to undertake a building contract. A good illustration of the former type was the Commissionaires' Artels in the big commercial centres. These had their own offices and office staff and possessed considerable funds, often invested in house property. To become a member the candidate had to bring unimpeachable testimonials, and deposit a substantial guarantee or caution money. The artel supplied bank messengers, doorkeepers, watchmen to all sorts of commercial offices, including even petty cashiers, an official peculiar to Russian business where so much use was made of casual labour such as independent carters, payment being made on the spot in cash instead of by cheque or monthly account. Through the hands of a petty cashier some thousands of roubles might pass in the course of a week : he might, for instance, be responsible for paying out the wages of the staff, and the reason for employing an Artelshchik was that his artel was responsible for any default. Payment for the man's services was made by the employer to the artel, which paid the man a fixed salary plus a share of the net profits of the artel. In theory the Soviet Artel is much more democratic and no fixed wages are paid, but it is said that in some cases the working members of an artel are really little more than paid employees of the founder of the enterprise.

## GLOSSARY

THE transliterations adopted are those approved by the School of Slavonic and East European Studies in London University.

- Artel*. An association of workers for co-operative employment for wages or of craftsmen in producing articles for sale.
- Bakaleyа*. A grocery shop.
- Brak*. Spoilt or defective goods.
- Brakovat* (verb). To sort factory output into grades of quality ; to condemn flawed goods.
- Tsentrosoyuz*. The central administrative organ of the Consumers' Co-operative system. In effect Tsentrosoyuz has the same standing as a People's Commissariat and the President is a State official.
- Chief Administration—Glavnoe Upravlenie* (sometimes condensed into *Glavka*). A specialised department of a Commissariat.
- Dacha* (plural, *Dachi*). A summer cottage or villa, usually occupied by city families from May to September. Many Dachi are still privately owned, and owing to the housing shortage are inhabited all the year round.
- Desyatn*. The old Russian unit of land measurement, equal approximately to 2·7 acres.
- Galantereya*. Equivalent to haberdashery.
- Gastronom* (shop). Roughly corresponds to *delicatessen*.
- Glavtorg*. A Chief Administration in the People's Commissariat of Internal Trade exercising general control over a special class of Torgi or over a certain territorial area.
- Gosbank* (Gosudarstvenny Bank). The State Bank of the U.S.S.R.
- G.O.R.T.* (Gosudarstvennoe Otdelenie Rozhnichnoy Torgovli). State Department of Retail Trade.
- Kolhoz* (Kollektivnoe Hozyaistvo) (plural, *Kolhozy*). Literally a collective or co-operative economic enterprise. The term is mainly applied to collective farms, but co-operative fishing and hunting associations are also termed Kolhozy.
- Kolhoznik* (plural, *Kolhozniki*). Member of a collective farm.
- Krai* (see *Oblast*). A province containing one or more national autonomous areas.

## Glossary

- Kulak.** Literally a fist, originally applied to a wealthy peasant employing farm labour and exploiting his poorer neighbours by lending money or farm implements on usurious terms. Under the Soviets applied to any peasant showing independence of character.
- Kustar** (plural, *Kustari*). Handicraftsman, usually a peasant. Formerly the Kustar generally worked at home with his family and possibly one or two hired helpers. Under the Soviets the Kustari are mostly assembled in artels and often work in well-equipped factories.
- Kustarny** (adjective). *E.g.* Kustarny products or Kustarny enterprise.
- Mezhraybaz.** Inter-district wholesale warehouse serving consumers' co-operative organisations in several adjacent Rayony.
- Mezhraysoyuz.** Inter-district union of consumers' co-operative societies.
- M.T.S.** Machine Tractor Stations. State enterprises providing machinery for the cultivation of collective farms.
- Nepman.** A private merchant or industrialist tolerated during the course of the New Economic Policy.
- Oblast** (see *Krai*). A province containing no autonomous enclaves.
- Otovarivanie.** The supplying of consumption goods at normal or ration prices to peasants in proportion to the quantity of produce they sell to the State or a State enterprise at the Government's fixed purchasing price. Thus cotton-growers in Central Asia received from the Government a given quantity of grain or flour at ration prices for every pud of raw cotton delivered. Otovarivanie ceased with the end of rationing.
- O.R.S.** (Otdelenie Rabochego-Snabzheniya). Department of Workers' Supplies. A Government organisation formed to establish and manage stores, canteens and restaurants in connection with industrial enterprises employing a large concentration of workers. Many factory O.R.S. ran their own dairy and vegetable farms for the benefit of the workers. Since derationing practically all factory O.R.S. have been dissolved and their shops, etc., taken over by State trading organisations. O.R.S. farms were at the same time distributed among the neighbouring Kolhozy.
- Pyatiletka** (from *pyat* = five, and *let* = a year). The five-year period of a plan.
- Pud.** A Russian weight equal to approximately 36 lb. Russian

### Glossary

- weights and measures have been largely discarded in favour of the metric system.
- Prombank* (Promyshlenny Bank). The Industrial Bank; finances industrial investment from funds consisting of budgetary grants and levies on the profits of industrial enterprises. Exclusively a long-term institution.
- Prombaz* (Promyshlennaya Baza). A wholesale depôt and warehouse belonging to an industrial chief administration for the local sale of the products of its factories. Thus the chief administration of cotton industries maintains a large number of Prombazy throughout the country for the sale to local trading organisations of cotton goods.
- Raybaz*. A district wholesale depôt under a Raysoyuz (*q.v.*).
- Raymag*. A district shop run by a Raysoyuz.
- Rayon* (from the French *rayon*). Political territorial district roughly corresponding to a county. The smallest unit with local government.
- Raypo*. District consumers' co-operative society. These have practically disappeared, having been subdivided into Selpo (*q.v.*).
- Raysoyuz*. A district union of Selpo.
- Sbyt*. As verb, to market, to sell: as noun, sale, marketing, in Soviet usage applied to the commercial department of an industrial trust.
- Selmag*. Large village shop belonging to a Selpo.
- Selpo* (Selsky Potrebitelsky Kooperativ: plural, the same). Village Consumers' Co-operative. The primary organisation in the consumers' co-operative system.
- Selsoviet*. Village council.
- Soviet*. (1) Council. (2) Advice, counsel.
- Soyuz*. Union, association, league, alliance, etc.
- Torg* (literally bargain or bargaining). In Soviet terminology used to denote a trading organisation, *e.g.* Rospromtorg = Rostov trading organisation for industrial goods; Rospishchetorg = Rostov trading organisation for foodstuffs.
- Univermag* (Universalny Magazin). A shop selling a multiplicity of manufactured goods exclusive of foodstuffs. The term is applied indifferently to a village shop selling boots, sewing cotton, crockery, etc., and a large city department shop.
- Zagotovka* (literally laying in stores for winter, etc.). Usually applied to the collection or levying of agricultural produce by the Government.
- Zagotzerno* (from *Zagotovlyat* = to provide, and *Zerno* = grain).

### *Glossary*

The State organisation for procuring grain throughout the country and distributing it to the flour mills, export organisation, etc.

*Zemstvo*. Elective local governing bodies under the Tsarist régime. Established after the emancipation of the serfs and largely concerned in organising rural education, instruction in agricultural science, health services, etc.



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- (2) The currency reform and the development of Soviet Banking system have been described by the present writer in *Soviet Money and Finance* (Macmillan, 1936).
- (3) *National and State Economy of the U.S.S.R. in 1922-23*, p. 658.
- (4) *Planovoye Hozyaistvo*, No. 6, 1936, "The Purchasing Funds of the Population and Retail Trade Turnover", by V. Chernavsky and S. Krivetzky. It should be explained that this sum is in current roubles, whereas the gross value of the total agricultural produce mentioned before was calculated in fictitious roubles having the purchasing power of the rouble in 1926-27.
- (5) For instances of this see *I was a Soviet Worker*, by Andrew Smith.
- (6) Figures taken from *The Development of Kólhoz Trade* (Gostorgisdat, 1936).
- (7) *Planovoye Hozyaistvo*, No. 4, 1933, p. 18.
- (8) Decree of the Council of People's Commissars No. 2026 of 23rd November 1936.
- (9) Decree of the Council of People's Commissars and the Central Committee of the Communist (Bolshevik) Party, 11th February 1936.
- (10) *The Development of Kolhoz Trade*, p. 67.
- (11) *Ibid.* p. 48.
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- (20) *Ibid.* p. 112.
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- (36) Personal observation in Moscow shops in March 1937.
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- (38) *Problems of Supply, 1925*, pp. 10 and 11.
- (39) *Ibid.* p. 12.
- (40) *Planovoye Hozyaistvo*, No. 4, 1936, p. 112.
- (41) *The Development of Collective Farm Trade, 1936*, p. 138.
- (42) *Towards a New Stage in Socialist Construction, 1930*, vol. i. p. 280.
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- (44) *National and State Economy of the U.S.S.R., 1922-23*, p. 483.
- (45) "The Purchasing Power of the Population and Retail Turnover", in *Planned Economy*, No. 6, 1936.
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- (48) Decree of the Council of People's Commissars, 27th February 1936.
- (49) *Planned Economy*, No. 4, 1936, p. 112.
- (50) *The Development of Collective Farm Trade*, p. 141.
- (51) *Ibid.* p. 140.
- (52) *Ibid.* p. 142.
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