

ACCOUNTING FOR WAR
Soviet production, employment,
and the defence burden,
1940–1945

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'Tons' are metric tonnes. 'Billions' are thousand millions. Rows or columns may not sum to totals because of rounding.

Nil and insignificant values are signified by 0 or 0.0

'Not applicable' and 'not available' are signified by –

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Introduction

‘A statistic is just a collection of anecdotes’

(Peter Wiles)

National accounts are traditionally the concern of the élite. It was when men and taxes were to be levied for the king’s service that enumeration became a prerequisite of government. Consecutive millennia may have separated the Roman census takers who required Mary and Joseph to return to Bethlehem to be taxed from the Norman authors of the Domesday Book, and from the Russian local government statisticians of a century ago, but they were all driven by the same imperative of state. Their censuses of population and wealth all contributed to the calculation of national resources potentially available to government.

Quantities are the essence of high level decisions. Generals in charge of operations decide how many thousand soldiers and guns they need, and how many casualties can be expected. Chancellors decide sums to be spent, raised in taxes, and borrowed. Police officials base their deployments (in numbers of personnel) on numbers of crimes reported and awaiting detection. Hospital administrators wrestle with numbers of patients, beds available, and the length of waiting lists for admission.

The view from below is often very different. Popular views of national statistics commonly embody distrust. The distrust has at least two distinct origins. One is the use of statistics by officials to claim authority for a self-serving lie. The lie may serve the legitimacy of the government (for example, to support a claim that unemployment has fallen when, on a consistent definition, it has actually risen). The lie may also serve particular ends of policy (for example, by claiming that households are better able to bear a tax than they are in reality). This view of statistics was expressed in the well known observation of Benjamin Disraeli: there are ‘lies, damned lies, and statistics’.

Another source of popular distrust is that statistics based on large numbers of observations are an abstraction from lived personal experi-

ence. Aggregation necessarily involves the destruction of specific detail. Every person's experience of unemployment or access to goods and services is individual; when aggregated with others', some essential aspect is always lost. To the person who hasn't got a job, unemployment is 100 percent; this idea expresses the loss of the quality of specific truth involved in statistical aggregation.

When we turn to the statistical systems of state socialism in the USSR and postwar eastern Europe, we find all these problems compounded in layer upon layer. First, the government régime attached extraordinary importance to quantification. Its control of society and the economy rested upon the administrative capacity to allocate resources in physical quantities from the centre. The régime's legitimacy rested upon claims about the level and rate of growth of national output, productivity, and living standards. Not only were figures the stuff of policy, but the practice of statistics was rendered largely subservient to political ends.

In consequence, popular distrust of official statistics was hugely magnified. Of course this was just part of a larger pattern of popular distrust of all the pronouncements of government and party officials in a system which rested in part on secretiveness. Thus, official figures tended to claim a higher level and faster growth of living standards than could readily be perceived by ordinary people. Official secrecy under state socialism created a privileged class within the circle of light cast by information 'for official use', and an unprivileged class in the outer darkness beyond. Secrecy in resource allocation underpinned the discretionary powers of officialdom. The suppression of figures both on the distribution of cash incomes, and on privileged access to goods and services not readily available for cash, also kept ordinary people in the dark about the lifestyle of the élite.

The two origins of popular distrust of official figures gave rise to distinct popular responses. One was the belief that all aggregate statistics are lies; the material of popular experience is impossible to quantify, and the only objective reality is the raw, unprocessed experience of personal witness. This is a view which the quantitative economist is professionally bound to reject. By definition, large scale historical processes such as long-run economic growth and the impact of world wars had an inescapable quantitative dimension. Ultimately, World War II was decided by quantities – that side won the war which had the largest combined GNP at the outset, and which was willing and able to throw the greatest quantity of men and munitions into the battlefield.

Another response, less unsympathetic to us, was the idea that there is

truth in numbers, only not in the official numbers: the official figure is a lie, beneath which is concealed the true figure. The lie is shown to be a lie because it conflicts with popular experience, which is also the criterion for acceptance of the truthful figure. This view was taken, for example, by the Hungarian economist János Kornai in his work on shortage economics:

In many cases the conclusive 'evidence' supporting a proposition is provided by those who live in a socialist country. Do they recognise the situation described ... ? Does what is written coincide with what they experience day after day as consumers or producers, managers or employees, buyers or sellers? I also see myself as a 'witness' of this kind. Moreover, I have spoken over several decades with many other 'witnesses' and read many case studies, accounts, minutes and written reports, interviews, and sociographical studies that can be taken as pieces of 'evidence'.¹

And in a footnote Kornai continued:

Many researchers airily dismiss such 'evidence' as merely anecdotal and beneath the attention of men of science. In fact, this kind of evidence often leads much closer to an understanding of the truth than many more ambitious analyses on a higher plane that rest upon distorted official data.

Philip Hanson, observing the 'combat of émigré truth-tellers against western specialists', acknowledges the strength of such witness testimony, and points out that 'In understanding what is happening in a closed society, it is no small advantage to have lived in it'.²

The Russian economist G.I. Khanin, presenting his own, unofficial estimates of Soviet long-run economic growth, listed various criteria by which alternative figures should be judged. The last, but not the least, states that 'the resulting evaluations should not contradict the daily living experience of the broad masses, whether in the sphere of production or of consumption'.³ Continuing more recently in the same vein, Khanin commented on the postwar efforts of the American economists led by Abram Bergson to rebuild Soviet national accounting aggregates to western specifications:

It seems to me the biggest mistake in the investigations of Bergson's school was their exclusive concentration on purely statistical problems. [The study of] statistics was often disarticulated from the economy as a whole, and, especially, from the character of society itself. Such seclusion within a narrow sphere of investigation, for such a specific object as the Soviet economy, could not proceed without consequences. Nowhere could I find evidence that the authors of this school had read the daily Soviet press, satirical works about Soviet

reality, the magazine *Krokodil*, émigré writers' books, i.e. that literature which yields a more or less truthful description of Soviet reality.⁴

Since this book largely follows the footsteps of the Bergson school, there is an issue here which we cannot avoid.

I hope that the results of this book will not find themselves at variance with 'living experience'. But the task of economic history is to account for trends, averages, and dispersions among whole populations, not the unique specificities of each individual's life. Therefore, I do not regard experiential data as evidentially superior to quantitative records. Paul Gregory, the economic historian of pre-revolutionary Russia, has warned against reliance on anecdotal evidence for the study of economic trends. Anecdote is selective by nature, and tends to give undue prominence to what is extraordinary and dramatic, not to what is typical or humdrum. Anecdote makes an unreliable guide to the average. Events, not trends, are the subject of anecdote, and Gregory warns that contemporary observers – even professional economists – are 'notoriously poor interpreters of economic events'.⁵

Life does not speak for itself. The facts are made to speak by those who construct them. No privilege can be accorded to the testimony of insiders and witnesses just because they were there. The sum of experience does not speak with a single voice, any more than do statistical sums. The aggregated testimony of witnesses is a social artefact, just like statistical truth. There is no single, objective truth waiting to be discovered beneath the surface of the lie. The Soviet GNP is not a hidden number awaiting discovery, but an aggregation of assumptions and hypotheses about a multi-dimensional reality which resists reduction to a unique figure.

The structure of this book is as follows. In chapter 1, I propose some research issues in light of the nature of warfare on the eastern front, the economic background to the war, the unexpected resilience of the Soviet economy under German attack, and the heavy current costs and capital losses of the war to the Soviet economy. Chapter 2 presents 'an inside view' – the official accounts of Soviet national income and product drawn up in wartime or just after the war. In chapter 3, I discuss the main western precedents for independent reconstruction of Soviet economic statistics and evaluation of economic performance. Chapters 4 and 5 proceed with the substantive work of rebuilding series for industrial production (chapter 4), and GNP (chapter 5). Trends in employment and productivity are analysed, along with changes in the role, composition, and requirements of wartime outlays. Soviet trends are

also presented in international comparison. Chapter 6 gives special attention to the vexed question of the role of foreign aid. In chapter 7, I review the evidence of Soviet capital losses arising from the war and their long-term consequences. In chapter 8, I briefly present some overall conclusions.