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Current Assets and Liabilities of Soviet Enterprises
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Current Assets and Liabilities of Soviet Enterprises 1/ Edward Ames

The extremely tentative estimates of the current assets and liabilities of Soviet enterprises presented here are useful in the evaluation of Soviet economic developments in two principal ways. First, most current assets consist of inventories. Since these are an important form of investment, the estimates aid in an understanding of Soviet investment policy. Second, the current liabilities of enterprises consist almost entirely of the loans and advances of the State Bank. The Bank's control over these items determines to a considerable degree its control over the money supply. Hence, by calculating the current liabilities of enterprises to the Bank, it is possible to obtain data which are useful in analyzing the Bank's monetary policy. Estimates for the current assets and liabilities of Soviet enterprises for 1939, and the period 1947-1951 are given in Table 1.

Table 1

Current Assets and Liabilities of Soviet Enterprises, 1939 and 1947-1951

(Billions of rubles)

<u>Current Assets</u>	<u>1939</u>	<u>1947</u>	<u>1948</u>	<u>1949</u>	<u>1950</u>	<u>1951</u>
Inventories	104	99	116	220	210	233
Net Receivables	11	27	30	42	49	50
Deposits and Cash	9	8	9	17	16	18
Total	<u>124</u>	<u>134</u>	<u>155</u>	<u>279</u>	<u>275</u>	<u>301</u>
<u>Current Liabilities and</u>						
<u>Own Resources</u>						
Bank Loans and Advances	45	67	76	184	156	165
Own Resources	79	67	79	95	119	136
Total	<u>124</u>	<u>134</u>	<u>155</u>	<u>279</u>	<u>275</u>	<u>301</u>

(See the Appendix for an explanation of the computation of this table.)

1/ Virtually no information has been published in the Soviet Union since 1939, and the figures given here must be treated with even more than the usual caution due to statistics purporting to deal with the Soviet economy.

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Inventories

The definition of inventories is more inclusive in Soviet than in U. S. usage. In addition to raw materials, semifabricated goods, goods in process, and finished goods, it also includes fuel, tools, and spare parts with a useful life of less than one year. 1/

Inventories are of three types. The first is the Government stockpile (State Reserves in Soviet terminology) which apparently is excluded from the data on which this presentation is based. The second consists of inventories in the retail trading system for which an estimate is included on the assumption that they vary with retail sales. The third type includes inventories held by industrial production and wholesale trading enterprises.

Ratio of inventories to output - Industrial inventories are subject to rigorous control by the State Bank. Beginning in mid-1948, an extensive campaign was waged to reduce the ratio of inventories to output. This campaign appears to have had the purposes of preventing the hoarding of materials and of holding down the expansion of bank credit. Some indication of the course of this effort is given in Table 2.

The Soviet authorities ascribe the decrease in the ratio of inventories to output since 1948 to improvements in production and planning methods. They do not, however, describe the increase in the ratio between 1940 (and more especially between 1944, when the index was lower than in 1940) and 1947 as a deterioration in these methods. In any single enterprise, an increase in efficiency will indeed normally lead to a decrease in the ratio of inventories to output provided that all other factors remain unchanged. In the economy as a whole, however, changes in the average ratio depend upon a great variety of factors.

The ratio of inventories to output is, for example, affected by changes in the composition of industrial output. In the Soviet consumer goods industries, wage payments are a relatively smaller and expenditures for materials a relatively larger part of total costs than in the capital

1/ See, for example, Fedoseev, K. A., *Oborotnye sredstva promyshlennykh predpriyatii*. Moscow. 1949, p. 16; Barngolts, S. B. and Khavin, I. E., *Puti uskoreniya oborachivaemosti oborotnykh sredstv v mashinostroenii*, Moscow. 1950. p. 58; Katsenelenbaum, Z. S., *Normirovanie oborotnykh sredstv v mashinostroenii*, Moscow. 1950, p. 9.

Table 2

Soviet Industrial Output and Inventories, 1947-1951

	<u>Industrial Production</u>	<u>Volume of Inven- tories of Industrial Enterprises</u>	<u>Ratio of Inventories to Output</u>
	(1940=100) (1)	(January 1, 1941=100) (2)	(2 + 3) (3)
1947	92	109	118
1948	118	134	114
1949	141	158	112
1950	173	185	107
1951	200	206	103

(See the Appendix for an explanation of the computation of this table)

goods industries. Materials equal to a given number of days' requirements will represent, therefore, a larger proportion of the value of the output of a consumer goods than of a capital goods plant. Since many types of capital goods are produced individually on order and have a long production period while armaments are largely produced on a serial mass-production basis, Soviet capital goods plants tend to have a higher ratio of goods in process to output than armaments plants. An increase in the importance of the armaments industry in total output tends thus to decrease the ratio of inventories to output, while increases in the importance of capital or consumer goods industries tends to increase the ratio. One effect of postwar reconversion in 1945-48 was to increase the ratio, while one effect of the recent rearmament drive since 1948 has probably been to reduce it. 1/

The extent of rationing also influences the ratio of inventories to output. The rationing system that existed from 1941 through 1947 apparently slowed down the movement of consumer goods through the distribution system. 2/

1/ See, for example, Turetski, Sh. Ya., Vnutripromyshlennoe Nakoplenie v SSSR, Moscow, 1948, p. 203.

2/ Turetski, Op. cit., p. 252; Lifits, M. M., Sovetskaya trgovlya, Moscow, 1948, p. 119.

The increase in the output of rationed consumer goods relative to total output in 1946-1947 probably tended to raise the average ratio of inventories to output which the abolition of rationing in 1948 tended to decrease the ratio thereafter.

Two additional factors appear to be responsible in part for the increase in the ratio of inventories to output in the immediate postwar period. The first was a deliberate attempt to replenish inventories, which no doubt were considerably depleted by the end of the war; reference to such a replenishment appear as late as 1948 in Soviet publications. ^{1/} The second was a shortage of power and of raw materials, particularly fuel and minerals, during 1946-1947. To the extent that such shortages existed, there probably was a tendency for bottlenecks to develop and for goods in process to accumulate.

Since 1947, changes in inventory policy and the elimination of bottlenecks have no doubt contributed to the decline in the ratio of inventories to output. The ratio has been reduced to about the prewar level by 1951, and it may be expected that further decreases will be more difficult to bring about unless inventories are reduced to a level threatening interruptions in production.

Value of inventories - Changes in the values of inventories in 1949 and 1950 reflect primarily changes in valuations carried out simultaneously with wholesale price changes in those years. ^{2/} This problem will be further discussed in connection with the analysis of liabilities of enterprises to the State Bank.

Other assets

Net receivables of enterprises, as well as short-term bank advances are the result of the payments procedures commonly used in the Soviet economy.

Typically, manufacturing or wholesale enterprises that sell to other enterprises deposit drafts with the office of the State Bank in their area, and receive an advance from the Bank while the draft is being paid. ^{3/} The sellers must deposit their drafts with the Bank within three days of their shipments, and buyers must complete payment within ten days

^{1/} e.g. Chernyak, A., O tempakh razvitiya sotsialisticheskoi promyshlennosti, Moscow, 1948, p. 25; Sukharevski, in Planovoe Khozyaistvo, No.1, 1948; Braginski in Voprosy Ekonomiki, No. 3, 1948.

^{2/} The revaluations have been calculated using indices prepared by an American scholar, Dr. Naum Jasny. All other data used in the paper are based directly upon Soviet sources.

^{3/} Atlas, Z.V., and Bregel, E. Ya. Denezhnoe obrashehenie i kredit, Moscow, 1947, p. 333 ff.

of presentation of the drafts by their bank office. The purpose of these provisions is to make it impossible for buyers and sellers to extend short-term credit to each other by agreeing to delay the dates on which sellers will deposit their drafts, or on which buyers will complete payment. It is roughly correct to say that all payments between enterprises are in the form of drafts, and that bank advances are granted on all drafts deposited with the bank. 1/

Total receivables outstanding at any moment would exactly equal total bank advances outstanding if it were not for two circumstances. First, a seller deposits drafts on buyers with his bank office only after an interval (which is supposed to be less than three days after shipment). During this interval, the receivable is not yet offset by an advance. Second, a buyer has an interval (normally of less than 7 days) between the moment he accepts a draft and the moment he makes payment on it. During this interval he has a payable which is not offset by the creation of a new receivable. The existence of an interval between shipments and the deposit of drafts, taken by itself, would make receivables greater than bank advances. The existence of an interval between the acceptance of drafts and the completion of payments, taken alone, would make receivables less than bank advances plus payables. If the two intervals are of exactly equal length, total receivables will be exactly equal to bank advances plus payables. In 1939 (see Appendix, Table B) receivables were 19.3 billion and bank advances plus payables 18.7 billion. We may therefore assume that the two intervals were of very similar length. For the purpose of these estimates, it has been assumed that in the postwar period also, total receivables were about equal to bank advances plus payables. No estimate has been made of payables, and bank advances have been assumed equal to net receivables (total receivables minus payables).

Deposits and cash - Conclusions concerning changes in deposits and cash cannot be drawn from Table 1, since the calculation has assumed them to vary with inventories for all years after 1947. The 1947 figure is obtained as a residual. In view of wartime increases in note circulation, it might be surprising that deposits should have been below prewar levels. The figure is, however, consistent with the hypothesis that while retail and free market prices rose during the war, wholesale prices were

1/ This appears to be the assumption of a recent article by one of the leading authorities on this subject. Usoskin. M., Beznalichny denezhny oborot i bankovski kredit, Dengi i Kredit, No. 4, 1951.

kept stable; and that the monetary authorities were able to concentrate all wartime increases in the money supply into the note issue rather than into deposits.

Total assets of enterprises in 1947 were ten billion rubles larger than in 1939. The increase, however, was due entirely to increases in receivables; assets, excluding receivables were 107 billion in 1947, compared to 113 in 1939, mainly as a result of the failure of inventories to regain prewar levels by 1947.

Liabilities of enterprises to the State Bank are either in the form of loans (used to finance inventories), or advances (used to finance receivables). In 1947, loans and advances were 67 billion rubles compared to 45 billion in 1939 and a prewar peak of 55 billion in 1941. ^{1/} It is known that from the beginning of the war until the middle of 1943 the volume of credit declined, ^{2/} although it is not possible to make quantitative estimates. Thus there is direct evidence of a credit expansion beginning in late 1943.

This conclusion is important in explaining the continuing inflation in the Soviet Union in the immediate postwar years. Soviet writers have indicated ^{3/} that the Soviet budget ran a deficit of 19 billion rubles in 1942 and of 7 billion in 1943, but showed a surplus beginning in 1944. This implies that government borrowing from the State Bank stopped in 1943 and that some deflationary forces began to work at that time. Nevertheless the Government had to continue rationing until the end of 1947, and at that time accompanied the abolition of rationing with a currency conversion which reduced by 90 per cent the note holdings of individuals. Such a measure (which was not resorted to at the time of the abolition of rationing in 1935) was necessary if, as we assume, a credit expansion occurred between 1943 and 1947. It would appear that the credit expansion offset the deflationary effects of the budget surplus.

^{1/} On January 1, 1941, loans were 37.4 billion and advances 17.6 billion, making a total of 55.00 billion, according to N. Rovinski, *Finansy SSSR za XXX let*, Moscow, 1947, p. 126-7.

^{2/} Usoskin, M. M. *Kratkostochny Kredit v narodnom khozyaistve SSSR*, Leningrad, 1948, p. 24.

^{3/} e.g. Aleksandrov, A. M., *Finansy i Kredit SSSR*, Moscow 1948, p. 51.

The ratio of loans to inventories appears to have risen from 34 per cent in 1939 to 40 per cent in 1947-8 and to 49 per cent in 1951; similarly the ratio of current liabilities to current assets rose from 34 per cent in 1939 to 50 per cent in 1947 and 55 per cent in 1951. These changes indicate an increase in the role of bank credit as a means of financing current operations, and presumably an increase in the degree of bank control over the enterprises.

Some qualification must be made here concerning changes in indebtedness in 1949 and 1950. In 1949, wholesale prices were increased sharply and inventories were revalued. Most of this increase in inventories was offset by a writing up of indebtedness to the Bank. Under the existing regulations, a level of inventories sufficient to ensure normal operations -- the so-called "normative" -- was determined for each plant. The enterprise was then permitted to retain its own resources up to a stated proportion of this normative, expressed in current rubles. Capital gains resulting from the revaluation of inventories at the time of the 1949 prices revaluation were permitted up to the level of the normative, 1/ while all additional capital gains were offset by writing up the enterprises' indebtedness to the State Bank, or to the Ministry of Finance. 2/

In 1950, wholesale prices were reduced. Presumably capital losses were incurred on this connection and apparently these were offset by writing down indebtedness to the State Bank. This statement is not supported by Soviet sources but is consistent with the statistical estimates made here.

On January 1, 1952, wholesale prices were again reduced. It is not yet known how inventory revaluations were offset, but it appears likely that once again bank indebtedness will be reduced, since the enterprises' "own" resources are to increase by 10 billion rubles during the year.

Thus the ratio of loans to inventories and of current liabilities to current assets has been somewhat unstable in recent years as a result of the treatment of capital gains. It does not appear that in current transactions any marked changes have occurred in the participation of the Bank in inventory financing. There is some discussion in the technical

1/ At the 1949 Session of the Supreme Soviet, it was pointed out (Izvestiya, March 12, 1949) that the existing norms were out of date, but revision was not undertaken until 1950 (Supreme Soviet 1950, p. 48). It is not known whether this revision has been completed, or what its effects have been.

2/ An account of the procedure is given in Makarov, A. D., *Finansirovanie i Kreditovanie sovetskoi trgovli*, Moscow, 1950, p. 73.

press of changing the procedures by which credit is issued in order that loans will be made more on the basis of planned transactions in a given period and less on the basis of actual inventories during the preceding period. Some caution must be used, therefore, in concluding that the increase in the ratio of indebtedness of enterprises to the State Bank will continue in the immediate future.

The "own" resources of enterprises declined from 79 billion in 1939 (and presumably higher levels at the beginning of 1941) to 59 billion in 1944 (it is not known whether this figure marks the low point). They did not regain their prewar level until 1948.

The decline during the early war years (which was presumably reflected in inventory declines), may well have been used as a means of covering current losses as a substitute for subsidization in many enterprises during the war period. The entire decline in "own" resources cannot be attributed to such disinvestments since it also reflects losses of inventories in enterprises in enemy-occupied territory. However, the decline does give a partial explanation of how operating losses may have been financed during the war without recourse to budgetary appropriations.

Conclusions

The foregoing analysis suggests the following tentative conclusions:

In 1951 the volume of industrial inventories was about twice as great as before the war. The Soviet authorities have been attempting since the middle of 1948 to limit the growth of inventories. They make extensive use of an index showing the ratio of inventories to output. This index, which dropped during the war as inventories were depleted, had risen to about 120 per cent of prewar by 1947. By 1951 the ratio of inventories to output was down to about the prewar level, and it may therefore be difficult for the authorities to reduce it much further without creating the threat of interruptions in output.

The value of inventories as a whole in 1951 was more than twice as great as either in 1940 or 1947. Most of the increase took place in 1949, as a result of wholesale price increases; in 1950 the value declined slightly as a result of a lowering of wholesale prices. The further reduction of wholesale prices on January 1, 1952 may again hold down the value of inventories in 1952.

The dependence of enterprises upon the State Bank shows a net increase over the past decade. In 1939, loans were about one-third of inventories; in 1947 about 40 per cent and in 1951 almost 50 per cent. Current liabilities increased from 36 per cent of current assets in 1939 to 50 per cent in 1947 and 55 per cent in 1951. These ratios have been

somewhat unstable in recent years because of the treatment of capital gains and losses in inventory revaluations; under Soviet regulations, these gains and losses have been offset by changes in indebtedness to the State Bank rather than by changes in the enterprises' "own" resources. These regulations will also affect the ratio of current liabilities to current assets as inventories are adjusted to take into account the wholesale price reductions of January 1, 1952. It is thus difficult to determine whether the apparent increase in the importance of bank loans as compared with prewar is a continuing factor of economic importance which will continue into the future; or whether it is a book-keeping increase which will be wiped out by successive price reductions leading to capital losses on inventories and bank loans.

The data are consistent with the hypothesis that the inflation created during the war was reflected in a rise in note circulation (purchasing power of individuals) rather than in deposits (purchasing power of enterprises). In current British economic terminology, the Soviet wartime inflation may have been an "income" inflation rather than a "cost" inflation. The data are also consistent with the hypothesis that current operating losses in industry during the war may have been financed by disinvestment in inventories and a writing-down of the enterprises' "own" resources in addition to direct subsidization from the budget. Finally, they suggest that the continuation of inflationary pressures after the end of the war until the currency conversion of December 1947, despite the existence of a budget surplus, was a result of an expansion in bank credit beginning in late 1943.

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APPENDIX

This appendix attempts to explain the methods of computation used in deriving the tables used in the text.

Estimates of inventories - Inventories are concentrated in trade and in industry. Concerning trade inventories, a number of rather vague statements exist in Soviet publications to the effect that goods are in "the distribution system," including retail trade, about one month; the period was somewhat less than this just before the war, and somewhat more during and immediately after the war. ^{1/} It has been assumed, therefore, that inventories in trade are equal to one-twelfth the annual value of retail sales, ^{2/} i.e. to one-month's supply.

A complete analysis of this problem must take into account statistical differences in trading inventories which might occur because goods were held at one stage in the distribution process rather than others. Turnover taxes are levied at several stages of the process. By having cotton held in the form of clothing rather than cloth, or cloth rather than raw cotton, differences in the value of inventories would occur, apart from differences in the processing, because of the amount of turnover tax included in the price.

The computation of industrial inventories has been based upon data on the "speed of turnover of revolving funds", which is the relation of inventories to output. The publication of information on this subject coincides with the beginning of the campaign to reduce the ratio in the summer of 1948. For this reason, it has not been possible to carry the series back before 1947. Table A presents the data used in making the computations.

This index refers only to inventories of industry under the administration of Union Authorities and excludes smaller industries, mainly in light and non-durable goods under the authority of the various Republics (Russia, Ukraine, Uzbekistan, etc.) and local government agencies. Most industrial output is under the administration of the Union Authorities.

^{1/} e.g. Turetski, op.cit., 1948, p. 252.

^{2/} Estimates were made in this Review, December 14, 1951.

An element of non-comparability is introduced because the industrial production index includes also output under the jurisdiction of the republics and local authorities. It has been assumed in this paper that the ratio of inventories to output in the Republican and local industries changed in the same way as in Union industry. The volume index depends upon the Soviet industrial output index, which has been criticized severely by American students. It must therefore be used with considerable caution.

The value of inventories in 1949 and 1950 has been estimated by adjusting the volume figures by prices indices by Dr. Naum Jasny, an American scholar. The computation of the value of industrial inventories is therefore "hybrid", using Soviet volume data together with a price index of non-Soviet computation.

Short-term advances and receivables - These figures have been calculated on the basis of data on the debit operations of the State Bank. In the text of the report, there are given theoretical reasons why short-term bank advances to enterprises (raschetnye kredity) and net receivables of enterprises should be about equal. In Table B, it is shown that in 1939 payables (unpaid debit bills of other enterprises) plus advances were about equal to gross receivables (unpaid credit bills). In order to avoid the necessity of estimating payables for the postwar years, the figures in this paper deal with net receivables (gross receivables minus payables); in other words, payables have been subtracted from both sides of the balance sheet.

This calculation is based upon the assumption that bank debit operations are all in the form of drafts which are deposited with the State Bank. In 1946, total bank debits were 597 billion rubles; of this total 466 billion were in the form of drafts (aktsepty), and 103 billion in the form of cancelling payments made through clearing houses (byuro vzaimnykh raschetov); the non-cancelling portion of transactions made through the clearing houses was apparently in the form of drafts drawn by the clearing houses on their members. Only 28 billion rubles of debits in 1946 i.e., less than 5 per cent, were based on payments documents other than drafts. 1/

The volume of advances outstanding depends in part upon the length of time the drafts are in the mails or being processed by the Bank as well as upon the level of turnover of drafts. These factors are variable within limits imposed by the technical efficiency of bank operations. In these calculations, it has been assumed that the total time taken to clear drafts is 12 days (out of the "banking year" of 360 days used by the Soviet

1/ Lifshits, F. D., Bankovaya statistika, Moscow, 1948, p. 251.

monetary authorities). 1/ This estimate of the relation of advances outstanding to total transaction is extremely rough, but it may be accurate enough for the purposes of this paper.

The remaining elements in the computation of the various items were computed by devious methods made necessary by the paucity of information. For some years more complete estimates were available concerning the assets side of the balance sheet while for other years the liabilities and own resources data were more satisfactory. The final estimates are presented in Table C. Once again it should be emphasised that while these data are reasonable consistent with the information available, they are no more than the best guess now possible as to what the actual figures may be.

1/ In 1938 bank debits totalled 295.9 billion. (Shabanova, N. N., *Beznalichnyye raschety v SSSR*, Moscow, 1950, pp 91-2). Advances outstanding on January 1, 1939 totalled 10.7 billion rubles (Usoskin, M., *Osnovy kreditnogo dela*, Moscow, 1946 p. 142), which is 3.28 per cent of the 1938 transactions, and represents just under 12 days' transactions. It has recently been estimated that Bank handling of drafts taken an average of 4 days (Baru, *Neispolzovannyye rezervy uskoreniya raschetov*, *Dengi i Kredit*, No. 6, 1951), to which must be added mail time plus the interval between presentation of the drafts and the completion of payments. The last may take anywhere from 3 to 10 days.

Table A

Average Monthly Inventories of Industrial Enterprises, 1947-1941

(In billion rubles)

	<u>Total Inventories</u>	<u>Industrial Output a)</u> (Per cent of previous year)	<u>Speed of Turnover b)</u>	<u>Volume of Inventories c)</u>	<u>Volume of Inventories</u> (Jan. 1, 1941 = 100)
1947	74.4 d)	122	n.a.	n.a.	109
1948	88.5 e)	127	102.6	123.8	134 f)
1949	190.8 g)	120	(102)	117.6	158
1950	178.6 g)	123	105.1	117.0	185
1951	199.1	116	104	111.5	206

a) Central Statistical Administration, annual reports. See this Review, May 22, 1951.

b) Figures refer to the first 9 months of the year, and to the "normed material commodity assets" of enterprises in industrial ministries of Union subordination (1951 and 1952 budget reports). The 1949 figure is estimated. The 1949 plan called for a 3 per cent speedup (1949 budget report), but the plan was apparently not realized, although some speedup occurred (1950 budget report). The 1948 figure is implied by the data on inventories and industrial output.

c) Industrial output divided by speed of turnover equals inventories. Both are valued in current wholesale prices, according to Instructions of Ministry of Finances of April 1949.

d) In 1948 industrial output was 27 per cent greater than in 1947; as a result of the (estimated) speedup of turnover, inventories were reduced by 6.0 billion rubles (Saltykov, Voprosy Ekonomiki No. 3, 1949); therefore 1947 inventories would have been 94.5 billion in 1948 at the 1947 speed of turnover; this figure, divided by 1.27 gives the 1947 figure.

e) The 1949 plan called for a speedup of 3.3 per cent (Lavrov, V. V., Byudzhetsnaya sotsializma, Moscow, 1950, p. 50), which was to lead to a "saving" of 3.0 billion in inventories (Fedoseev, Obortnye Sredstva promyshlennykh predpriyatiy Moscow, 1949, page 32) given the planned increase of 16.5 per cent in industrial production (Central Statistical Administration). Planned 1949 inventories (at 1948 price) were thus 100, 1948 current assets 88.5.

f) As of Oct. 1, 1948, the ratio of inventories to output was 14 per cent greater than in Jan. 1, 1941; 1948 output was 18 per cent greater than 1940 output; therefore inventories were 34 per cent above those on Jan. 1, 1941 (Zverev, Planovoe Khozyaistvo, No. 2, 1949).

g) Assuming an 83 per cent increase in wholesale prices on Jan. 1, 1949 (Naum Jasny, Soviet Prices of Producers' Goods, Stanford, Calif. 1952, p. 15) and a 20 per cent decline Jan. 1, 1950 - July 1, 1950 (ibid, p. 16).

Table B

Current Assets and Liabilities of Soviet Enterprises, January 1, 1939
(In billion rubles and per cent of total)

<u>Current Assets</u>	<u>Billion Rubles</u>	<u>Per cent of Total a)</u>	<u>Current Liabilities</u>	<u>Billion Rubles</u>	<u>Per cent of Total</u>
Inventories	104.0 b)	78.8	Loans	34.1 c)	25.8
Receivables	19.3	14.6	Bank Advances	10.7 c)	8.1
Cash and Deposits	8.7 e)	6.6	Payables	8.0 d)	6.1
			Own Resources	79.2 f)	60.0
Total	132.0	100.0	Total	132.0	100.0

a) Barngolts and Khavin, op. cit., p. 45.

b) Usoskin, Osnovy Kreditnogo dela, Moscow, 1946, p. 37 states that this item was "over 100 billion rubles".

c) Total loans and advances outstanding were 44.8 billion rubles, of which 10.7 were advances. Usoskin, op. cit., 1946, p. 142.

d) by subtraction.

e) Atlas and Bregel, Denezhnae obrashchenie i Kredit SSSR, Moscow, 1947 p. 350.

f) Usoskin, op.cit., 1946, p. 46 says that own funds were equal to about 60 per cent of current assets.

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Table C

Current Assets and Liabilities of Soviet Enterprises
(In billions of rubles, rounded to nearest billion)

<u>Current Assets</u>	<u>1947</u>	<u>1948</u>	<u>1949</u>	<u>1950</u>	<u>1951</u>
Inventories, total	99	116	220 a)	210	233
Trade b)	25	27	29	31	34
Industry c)	74	89	191 e)	179	199
Net Receivables d)	27	30	42	49	50
Deposits and Cash f)	8 e)	9	17	16	18
Total	134	155	279 a)	275	301
<u>Current Liabilities and "Own" Resources</u>					
Total Liabilities	67	76	184 e)	156 e)	165 g)
Loans	40 h)	46 h)	142	107	115
Advances d)	27	30	42	49	50
"Own" Resources i)	67	79	95	119	136
Total	134	155	279	275	301

a) Parfanyak, P. A., *Oborotnye sredstva sotsialisticheskoi promyshlennosti*, Moscow, 1950, p. 19, states that "about 80 per cent" of the current assets of industry were in the form of inventories, the remainder being in the form of cash, deposits and receivables. It has been here assumed that 79 per cent of all current assets are in the form of inventories.

b) One-twelfth of the value of retail trade for the year, as estimated in this Review, December 14, 1951.

c) As estimated in Table A.

d) Total debits of the State Bank were 596 billion in 1946 (Lifshits, F. D., *Bankovaya Statistika*, Moscow, 1948, p. 251); about 800 billion in 1947 (Shavanova, N. N., *Beznalichnye raschety v SSSR*, Moscow, 1950, p. 117); 247 per cent of 1949 (Shabanova in *Voprosy Ekonomiki* No. 4, 1951); in 1950 the number of monthly debits was 77 million, compared to 66 million in 1949 (Prosel'kov, in *Dengi i Kredit*, No. 8, 1951) but during the year wholesale prices dropped by about 20 per cent (Jasny, op. cit., p. 16). It has therefore been assumed that the ruble value of debits in 1950 was about the same as in 1949.

e) Obtained by subtraction.

f) It has been assumed that for the years following 1947, cash and deposits varied proportionally with inventories. The 1947 figure is obtained by subtracting from total liabilities and "own" resources the other current asset items.

g) Popov, V. F. (Chairman of the Board of Governors of the State Bank) in Dengi i Kredit, No. 8 1951 stated that loans and advances were 3 times prewar. It has been assumed that his statement compared January 1, 1951 with January 1, 1941, when there were 55 billion rubles of loans and advances outstanding (Rovinski, N., ed., Finansy SSSR za XXX let, Moscow, 1947, p. 127).

h) Usoskin, M. M., Kratkosrochny kredit v narodnom khozyaistve SSSR, Leningrad, 1948, p. 38 declared that for the economy as a whole about 40 per cent of current assets other than cash and receivables were covered by credit. It has here been assumed that in 1947 and 1948 Bank loans were equal to 40 per cent of inventories.

i) "Own" resources in 1944 amounted to 59.2 billion rubles in 1944. (Supreme Soviet, 1945, p. 15) Planned increases for 1945 and 1946 totalled 20.9 billion, but retained profits, from which part of the planned increases originate, were 13 billions below plan. It has been assumed that total "own" resources in 1947 were 59.2 plus 20.9 minus 13.0, or 67.1. For 1948 and 1951, the figure for own resources was obtained by subtracting current liabilities from current assets. The indicated increase in "own" resources from 1948 to 1951 was almost exactly equal to the sum of planned increases in 1948, 1949 and 1950, the difference amounting to .4 billion. It has therefore been assumed that in 1949 and 1950 "own" resources increased by the planned amounts.

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