

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
Division of International Finance

REVIEW OF FOREIGN DEVELOPMENTS

May 15, 1970

Paul Gekker

23 pages

Summary Comments, Panel on Prices and Monetary
Statistics, Conference on Soviet Statistics,
Duke University, November 3-5, 1969

This paper reflects the personal
opinion of the author and must not
be interpreted as representing the
opinion of the Board of Governors.

May 15, 1970

Paul Gekker*

Summary Comments

Panel on Prices and Monetary Statistics

The two excellent papers on Soviet price and monetary statistics that Bornstein and Powell have prepared for this Conference will surely stand as definitive accounts of the state of our knowledge in these important areas of study of the Soviet economy, until such time at least as the Soviet authorities see fit to modify their long-standing policy of extreme secrecy about the relevant data. Our authors have dealt with two areas of the Soviet economy which are, as we know, still among those least satisfactorily illuminated from the quantitative point of view. I am anxious to pay tribute to a feature that is common to their work by noting that I attach great value to the careful and detailed review they give us of the history of statistics gathering and publication in the fields of prices and money. This is our first comprehensive examination of Soviet statistics in a good many years, and in covering two fields of interest over which the statistical curtain is still very tightly drawn, the review of the historical background that Bornstein and Powell provide for us is in my opinion an essential part of the whole exercise.

It should not be out of place to preface my comments on these two papers with a plea for understanding. I hope that my acknowledgment of Bornstein's and Powell's papers will not be thought perfunctory; or

* The author served as Chairman of the concluding panel in a three-day Conference on Soviet Statistics, held at Duke University in November 1969. The Conference proceedings will be published by the University of North Carolina Press, and the volume is expected to be available by late 1970.

that, in choosing to devote most of my comments to topics different from those to which they have restricted themselves, some basically adverse criticism of their contributions is implied. Our two colleagues have had to concern themselves with exploring and explaining the great gaps in the statistical coverage of Soviet prices and money, and observation of these terms of reference has prevented them from dealing with a number of topics to which I think it may be useful to draw the attention of readers of these Conference proceedings.

It seems to me that a careful reading of Bornstein's and Powell's papers inspires some general observations about our study of the Soviet economy. In this concluding panel on price and monetary statistics, I have the benefit, to be sure, of the background of the papers presented and discussed at all earlier sessions of this Conference. The papers we have studied here seem to me to have been arranged so as to display an ascending order of ignorance about the Soviet economy--judged in terms of data availability--ranging from physical output data to the familiar aggregates. Those who will later examine this evidence of our deliberations may well have the impression that we know far less than is in fact the case; but those of us who work on a fairly regular basis with the source material need only think back to the situation that existed with respect to Soviet statistics ten or fifteen years ago to appreciate the very great improvement in our quantitative grasp of things that has come about in this period. Yet I think it undeniable that the field of monetary statistics is the one characterized by the largest gaps in the

availability of the sorts of numbers that are commonplace the world over. Monetary statistics have generally speaking been untouched by what Harry Schwartz once called the statistical renaissance of the post-Stalin years, though the financial field is not the only one in which data scarcity creates problems, as Bornstein's careful survey of price information shows most convincingly. The problem posed by absolute deficiencies in the statistical material, however, is obviously of a different order from the type of difficulty posed by the need to interpret existing data that are imperfect in one way or another--incomplete, ambiguous with respect to definition and coverage, and requiring adjustment before they can be used for meaningful comparative research. To put the matter in another way: the paucity of data in the fields of price and monetary statistics invites speculation on the why rather than on the what or the how of any numbers that now exist, and which we use for measuring and judging the performance of the Soviet economy.

This brings us face to face again, I think, with the old issue of secrecy. Bornstein and Powell both deal with the question but other papers--notably Gertrude Schroeder's presentation--have contributed to the discussion on this point, and it seems to me that a generalization is in order for the benefit of those for whom reading or thinking about Soviet statistics may be a new experience. With some exceptions, and they appear to be of limited usefulness, coverage of Soviet monetary matters in available publications is not significantly improved over

what it was during the period of total statistical blackout that began in the late 1930's and lasted for more than twenty years. It is no great revelation to declare that propaganda needs dictate publication policy; for statistics that is certainly the case, even if we allow for the likelihood that some statistics we might consider interesting and important are not systematically collected in the Soviet Union. Nonetheless, the Soviet policy of non-publication, of selective presentation of data, of concealment by studied and deliberate ambiguity with respect to the most ordinary description of statistical series and other data is most evident in those areas that touch, however indirectly, on the well-being of the Soviet citizenry. It is not solely a question of the absence, or of some partial inadequacy, of monetary and financial statistics; the deficiencies are glaring in many related areas of information, such as the level and development of money wages, or the structure of income distribution. The great deficiency of monetary and financial information, as well as of related data in value terms, means that the student of Soviet economic affairs is seriously handicapped in any attempt to examine such important questions as the development over time in the Soviet standard of living, difficult and frustrating as that sort of research must be even with respect to countries for which statistical material is plentiful. But when every allowance has been made for the very different place that money occupies in the Soviet (or Soviet-type) economy, and for the very different institutional structure and operational role of financial organizations

in the centrally planned system, it remains true that serious data imperfections prevent evaluation of the performance of the Soviet system in the same way that statistical measurement constitutes one test of the over-all efficiency of any national economy.

I turn now to a necessarily brief review of some salient features of the Bornstein and Powell papers, again primarily with the predictable needs and interests of readers of this volume in mind. The fact that I devote most of my comments to Powell's paper will, I hope, be interpreted merely as a reflection of my own preoccupation and closer working experience with the financial side of the Soviet economy. To be sure, I feel strongly that some themes in Bornstein's review merit particular emphasis. I have already referred to his discussion of secrecy, and I invite attention to a number of places in the paper where Bornstein reverts to the connection between the political sensitivity of certain statistical information and the publication of data. In addition, Bornstein is able to cite many examples of price series that are constructed but not published. We know this, as Bornstein demonstrates, from instruction manuals and similar textual materials of a descriptive sort. We do not have this sort of knowledge with regard to some banking statistics, a state of affairs that may be related to Campbell's distinction between State and departmental statistics.

In his comprehensive review of the different price series that are constructed in the Soviet Union, Bornstein has many instructive things to say about the uses to which the data are put. They lead up

to his view of the relatively low order of priority of price statistics in Soviet statistical programs, which is related of course to the very low operational significance of price statistics-- under present arrangements, at any rate. The deficiencies of Soviet price series as indicators of performance are naturally pointed out by Bornstein. In this connection I am moved to emphasize Bornstein's comment that the index of State retail prices is not useful as a measure of Soviet inflationary pressures; and I welcome Bornstein's view that changes in inventories and in savings deposits are better guides to the existence of inflationary conditions in the Soviet Union. This is a point to which I should like to revert a bit further on in these summary comments.

A quick check into the major sources we assign to our students shows that most writers have paid little attention to the monetary side of the Soviet economy, though some major contributions could be cited. Happily, the literature has been enriched by the addition in recent years of a number of important articles. I have in mind the writings of Gregory Grossman and George Garvy, both of whom have, it seems to me, revived interest in the subject of Soviet money and finance and made us think in new ways about

the role of finance in the Soviet system.^{1/} There are no doubt a number of reasons why more research on financial developments has not been undertaken. Perhaps the principal reason was that our own research priorities were so different. Even so, it may be that we did not sense the areas of potential research because, by contrast with our evident interest in physical production data or in the construction of national accounts, we could not know clearly what would be worth looking into. Of course, the data problems loomed very large, as they do to this day. The situation is somewhat different with respect to fiscal matters, about which a few remarks may be in order.

^{1/} This is not the place for an exhaustive bibliographical note, but some citations may be useful. Interested readers should familiarize themselves with two articles by Gregory Grossman, "The Structure and Organization of the Soviet Economy," Slavic Review, XXI:2 (June 1962), for an interesting discussion of demonetization in the post-Stalin period; and his "Gold and the Sword: Money in the Soviet Command Economy," in Henry Rosovsky, ed., Industrialization in Two Systems (New York: Wiley, 1966) is a most stimulating contribution. Despite the title of George Garvy's excellent survey Money, Banking, and Credit in Eastern Europe (New York: Federal Reserve Bank of New York, 1966), a major portion of the study is devoted to analysis of the Soviet (or Soviet-type) monetary and banking system of the standard variety. An earlier article of Garvy's, "The Role of the State Bank in Soviet Planning"--in Soviet Planning: Essays in Honor of Naum Jasny, edited by Jane Degras and Alec Nove (Oxford: Basil Blackwell, 1964)--is well worth consulting. His more recent "Banking and Credit in the Framework of New Economic Policies in Eastern Europe," in Banca Nazionale del Lavoro Quarterly Review (September 1966) will be of interest to many. However brief, a citation of this sort would be seriously deficient if one were to omit Peter J. D. Wiles from this list, and especially his The Political Economy of Communism (Oxford: Basil Blackwell, 1962). Wiles's interests exclude nothing related to the Soviet economy (or the Soviet system in general), so that he does not write only, or even primarily, about matters of interest to us here. But the book is full of stimulating observations on the subject of money and finance--often brilliant, sometimes controversial, frequently exasperating, but never dull.

Powell's paper deals with monetary data proper rather than with some wider subject which we might call financial statistics. The only important omission in the Soviet case is some description of fiscal statistics. Nevertheless, Powell does include some useful discussion of such perennially thorny questions as the size of Ministry of Finance accounts in the State Bank, and of the meaning of the Soviet budget surplus.

On the fiscal system alone, we are familiar with the work that has been done, and especially with Holzman's pioneering research in the field of Soviet taxation. The fact is that the Soviet state budget has over the years been the principal source of information of interest to students of Soviet financial developments. The availability of this information may be explained on the grounds that the practice of reporting some discussion at Supreme Soviet sessions devoted to the annual budget and economic plan is now fairly well established. In view of the role of the budget in the Soviet system--as a mechanism for the allocation of resources, for the redistribution of income, for the financing of the extensive activities of the Soviet state in so many areas which lie outside the public sector in other societies--the availability of Soviet budget data is of considerable importance and interest.

As we know, information on the Soviet budget is very far from comparable to similar data for almost all Western countries, in quantity as well as quality. Moreover, Soviet budget data suffer from major

deficiencies peculiar to the Soviet system. One mystery of long standing is the matter of the celebrated budget residual--the difference between aggregate budget expenditures as given in the annual Budget Law, and the total of separately specified expenditure categories. We have observed that this residual has sometime varied from year to year, and for reasons which we cannot explain, and hardly even guess at. In addition, the data we do possess leave a great deal to be desired. While we cannot use space here for a survey of the coverage and usefulness of Soviet budget statistics and related information, we may note that data on budget revenues are more or less straightforward and do not appear to require major adjustments; but statistics on expenditures are notoriously tricky to use. This is particularly the case, as many students know, in trying to reconcile data on Soviet capital investment from the budget reports and from other sources.

Two concluding comments on fiscal statistics. I have the impression that there are no new statistical finds; but in the light of changes in recent years in price and subsidy arrangements, examination of the pattern of budget revenues might be of some interest. Secondly, it seems to me of interest to note the existence of a considerable body of data on the distribution of the consolidated (all-Union) Soviet budget by subsidiary jurisdictions, and to call attention to the opportunities this information might provide for studies of such questions as the regional pattern of per capita expenditures for various types of social outlays. This is, surely, a minor example, or suggestion; but we are all aware that regional studies of the Soviet

system have been neglected. But it is not inconceivable that the sort of budget data that is available would, in combination with demographic statistics, yield interesting material on Soviet nationalities policies; and they might be of use in studies of regional economic development. In this connection, it is interesting to recall that the objective of more nearly equalizing regional per capita social outlays was one of the minor topics mentioned by Khrushchev at the 21st Party Congress. It might be instructive to try to determine whether anything has changed.

Powell's paper is a singularly rich contribution to this Conference, and indeed to the body of writing on the monetary side of the Soviet economy. Along lines that parallel Bornstein's treatment, Powell has some interesting points to make about secrecy and the need to know. From my own experience, I can fully confirm Powell's point about the frequency of computational errors, mis-transcriptions of data and other frailties that remind us of the fallible human personalities behind a great deal of what most of us regard as rather deadly stuff. One could add to Powell's catalogue the occasional experience of having to wrestle with directly contradictory descriptive accounts, by equally authoritative authors, of some feature of the Soviet system. How to reconcile this numerological and editorial untidiness with the widely accepted notion of the existence of an omnipotent system of editorial supervision and censorship must obviously remain an open matter.

The core of Powell's paper is an ambitious attempt to reconstruct the balance sheets of the USSR State Bank, which have not been published since well before World War II. Powell's tables and his detailed item-by-item explanations will illustrate more vividly than anything else the truly amazing situation with respect to the lack, in the Soviet Union, of the most ordinary sorts of monetary statistics. Powell appears to be the only scholar who has tried to build up the Gosbank's balance sheets, though one ought to cite the interesting, albeit less detailed effort by Edward Ames.^{2/}

Powell's wide-ranging discussion of data availability raises two questions in my mind. Of course, there are State secrets; and so the condition of the Soviet gold reserve remains as probably the most celebrated minor mystery in the entire world of international finance. Political sensitivity may explain policy with respect to publication of some domestic monetary statistics. Possibly, that is the case with money supply figures; but, in any case, it is apparent that the whole question of the money supply is not something to which standards of

^{2/} In his Soviet Economic Processes (Homewood, Illinois: Richard D. Irwin Inc., 1965). The book has, in my opinion, been unfairly neglected. One may indeed question the usefulness of Ames' highly theoretical approach--many researchers working in Soviet economic studies in more traditional ways have no doubt felt Ames' treatment to be uncongenial or unrewarding, probably when he deals with the microeconomic side of the Soviet system. But the book is full of valuable insights. In particular, Ames' treatment of monetary and fiscal policy, and of macroeconomic questions generally, deserves more attention than it has received. This commentator feels strongly that Ames' analysis of monetary questions merits inclusion of his book in the list of references cited in the preceding footnote.

competitive coexistence apply, so that there is no present danger of any Russian monetarists challenging our own valiant teams. But surely some other categories of monetary statistics are quite innocuous, if not entirely useless for research purposes. What would we do, for example, if we had more data on the distribution of bank loans by sector of the economy? Nothing more, one is inclined to say, beyond verbalization of this monetary reflection of planned priorities, supplemented perhaps by some other information concerning the "dependence" of different sectors on bank credit. We already know some of this, and the knowledge amounts to very little. The most serious deficiencies are, as Powell notes, the absence of data on money supply--perhaps we ought to say currency, to be perfectly blunt about it--and the lack of information about the Ministry of Finance accounts with the central bank. With regard to much other data--and I have bank credit statistics in mind--I share Powell's view that the data are not published simply because they are regarded as technical and of no interest.

My second point looks to the future. If I understand the workings of the present-day Soviet economic system, I find it difficult to visualize the need for different monetary statistics than the ones that are now collected; and Powell makes clear that a great deal of data is naturally generated by the banking system. I am less certain in my mind of any immediate need for better price statistics, but the contrary view has been argued by some participants at this Conference. Though my own limited experience in the field of price statistics makes me

hesitant about pressing my conviction too strongly, I will rest my opinion on the strength of Bornstein's demonstration that the operational significance of existing price indices--their use in planning--is quite unclear.

That, at any rate, is how the prospect looks to me at this moment of writing and reflection. The outlook for the longer term is, we must confess, not only murky but highly controversial. In his interesting introductory paper, Campbell raises the question whether the need for better data would not emerge with some movement toward a system which relies on and is responsive to market elements. For short, let us say market socialism without being specific about the operational machinery of this future system.^{3/} At this writing, we can speak with some confidence--though still rather vaguely with respect to specifics--of an economic reform movement in the centrally planned economies. One thing seems clear enough from the most cursory examination of this tendency: so far the Soviet Union lags behind several of the Eastern European countries in the degree to which this reform trend has brought

^{3/} There is a vast and growing literature; but interested readers might look at Professor Wiles' The Political Economy of Communism, which begins by introducing an astonishing variety of possible forms of socialism. The discussion is instructive and often entertaining; but Wiles' tendency to manufacture abbreviations and acronyms for his societal and economic systems does little to ease the reader's job of understanding. Nevertheless, it is useful to try to work out Wiles' analytical treatment.

about meaningful change. There are economic reasons for this divergent experience, which we cannot go into here. My personal inclination in explaining the distinction is to place great weight on the significantly higher degree of openness in the Eastern European countries, as compared with the USSR.

In any case, the Soviet authorities have shown themselves to be the least innovative in moving to dismantle the machinery of central planning, and in modifying the operational arrangements based on physical output targeting. If, as Campbell suggests, the future system is one in which prices emerge from the market process and the central authorities operate macroeconomic controls, including fiscal and monetary instruments, then the statistical needs of the system become quite a different matter. Price indices, by definition, acquire operational significance while monetary data have a fundamentally changed importance. So long, for example, as bank credit is a more or less automatic ingredient--a counterpart in financial terms--of the physical output plan, it is perfectly reasonable to regard bank credit data as relatively unimportant. If the monetary authorities are assigned any sort of discretionary function--and, more importantly, if they come to exercise a strategically more important role in the setting of economic priorities at the national level--then the statistics underlying monetary performance gain very greatly in operational significance. A tendency in the direction of a new and enhanced role for the monetary authorities, along with other changes that may mark a transitional

development away from the centrally planned system of the standard type, appears to be underway in some countries in Eastern Europe. As yet, the Soviet authorities have not evidenced any need to move in this direction.

In concluding this review of the work of our panel, it seems to me useful to raise the question whether we are exploiting some existing opportunities for interesting research on the financial side of the Soviet economy. In this connection it is interesting that Holland Hunter, in his remarks at the very end of this Conference, does not include the financial field among those sectors (agriculture, the consumer sector, and services) which participants in our deliberations have identified as those requiring greater statistical attention, for a variety of practical and policy reasons. I agree that money and banking data constitute one of Hunter's "vast areas of silence;" and it seems to me unlikely that the very great data deficiencies will be remedied very soon. While I see little prospect for the publication of balance sheet data and other monetary statistics that are not now to be found in available Soviet sources, I am still unconvinced that we are doing as much as we might with the material we have at hand. We ought to push our research further along into the monetary side of the Soviet system, and I offer in what follows some suggestions for directions which this research might take. I am hopeful that others will be encouraged to expand and refine these very tentative ideas.

Along these lines, I detect some new interest in the study of the general question of financial equilibrium in the Soviet system, as reflected in money flows. Of course, we don't have the numbers, so that our theoretical speculation will necessarily depend on evidence that will at best be indirect and, quite frankly, somewhat impressionistic. But the task of laying out some main lines of inquiry ought not to be as difficult as it appears. We know a great deal about the nature of financial flows in the Soviet system. We are all sufficiently familiar with the useful distinction between the two types of money--enterprise (bank account) and household and individual (currency and coin)--now in use; and we also know a great deal about the influences affecting flows between these broadly distinct and segregated channels that Wiles somewhere calls passive and active money. I would begin by reviving interest in Joseph Berliner's article, whose seminal importance for an understanding of Soviet monetary processes has not, in my view, been diminished in the twenty years since it first appeared.^{4/} There are some more recent excursions into the subject, among which I need only cite George Garvy's work and Edward Ames' interesting diagrammatic constructions of payments flows.^{5/} One can note, too, a fair amount of Soviet writing on the subject of payments flows in the specialized

^{4/} "Monetary Planning in the USSR," The American Slavic and East European Review, Vol. IX (December 1950), pp. 237-254.

^{5/} Ames, op.cit., pp. 178-179.

periodicals--like Den'gi i kredit and Finansy SSSR--which I have not studied with the attention that it merits. But one occasionally comes across interesting discussion in these Soviet publications of the need for improved cash balance planning. The problem is often put in the context of regional considerations, and seems to be connected with the difficult problems of planning cash needs under conditions in which payments flows are significantly affected by strong seasonal factors, to say nothing of such influences as population shifts and differential patterns of economic development.

On closer examination, this notion of pushing research into the field of payments flows and the study of financial equilibrium may fail to interest researchers, perhaps simply because the lack of statistics will pose an insuperable obstacle. Some individuals may not be challenged by the prospect of this line of research because it would appear to involve the sort of uninteresting operational technicality which, as Donald Hodgman once pointed out, forms part of the workaday world of the banking official in the centrally planned economy.^{6/} Still others may sense interest in the subject but see little promise in pursuing research into payments flows and related topics because the degree to which money may seem to function as a "bearer of options" is still too little developed in the Soviet system.^{7/} These objections

^{6/} Donald R. Hodgman, "Soviet Monetary Controls Through the Banking System" in Gregory Grossman, editor, Value and Plan (University of California Press, 1960), page 105.

^{7/} See Gregory Grossman, editor. Money and Plan: Financial Aspects of East European Economic Reform (University of California Press, 1968), especially his introductory chapter. The phrase "a bearer of options," it should be noted, is Professor Wayne A. Leeman's creation.

may prove serious obstacles to further research along the lines indicated, but we don't know; and some further thinking on the possible value of this research idea might well be useful.

Another possible area of research on the monetary side, which must stand as my final contribution to a very modest program of future work, seems to me more promising and, perhaps, of intrinsically greater interest to students of the Soviet economy generally. This concerns the study of personal savings in the Soviet Union. Earlier I noted Bornstein's view that changes in savings deposits could provide valuable guidance to judgment on the existence and strength of inflationary pressures in the Soviet economy. For Powell, as well, the study of savings deposits is "a promising subject for systematic analysis."

As monetary statistics go, the savings figures are fairly good, though one wishes one had something more frequent than annual data. But the series extend back to the 1947 currency reform; there is a fair amount of regional data, and even interesting detail on savings in small and remote areas. At least this regular reader of the Gosbank's monthly journal has noticed an increase in the amount of reporting and discussion of the development of individual savings since 1963, when the savings bank network was transferred to the State Bank system. Much of this material has not been used.^{8/}

^{8/} In the second edition of his The Contrasting Economies (Boston: Allyn & Bacon, Inc., 1969), Lynn Turgeon has added a chapter ("The Contrasting Monetary Veils") in which he incorporates data from a recent Soviet study of savings deposits. The original article by V. Borisov, "The Growth of Savings in the USSR," (Problems of Economics, September 1967) is a good example of the better sort of writing on the subject in the Soviet specialized literature.

The comments on savings deposits in Bornstein's and Powell's papers suggest that one research approach will utilize these savings statistics, along with such other relevant current indicators as retail sales figures and inventory data, in an effort to judge the success of the Soviet economic system in maintaining balance in consumer goods markets and in avoiding inflationary pressures, open or repressed. There are some obvious reasons why these questions interest students of the Soviet economy, and this was evident in the discussion following Marshall Goldman's presentation of his paper on consumption. We all recall that the Khrushchev years introduced a number of interesting trends that significantly affected the income position of large groups among the Soviet population. There is no need here for more than a quick reminder of some major elements in this development; the introduction, in successive stages, of higher prices for farm products, later combined with the liberalization of agricultural procurement arrangements and a trend toward remonetization in the countryside as reflected in the substitution of cash for in-kind income payments; selective income increases (via higher minimum wages); a series of welfare measures, like higher pensions, reduced taxes, and the remission of some specific fees and charges; the abolition of compulsory annual bond drives. In short, we were witnesses to a new and varied program which had the effect either of putting more income directly into the hands of many individuals who had been among the most depressed elements in the population, or of freeing some part of current income for other uses. That this development worked to alter very significantly

the income position and expenditure patterns of countless Soviet consumers--and, in fact, brought about a fundamental change in the character of consumer goods markets generally--is by now common knowledge. The role of savings deposits, which showed exceptionally rapid rates of growth in some of these years, has not been adequately studied, to this writer's knowledge. These savings movements should, at the very least, provide corroborative evidence of the impact of Khrushchev's programs when they seemed to be exerting maximum effect.^{9/}

In thinking about research into this subject it would be taking an unnecessarily narrow point of view to say that the area of study should be restricted to suit only the interests of students of the monetary side of the Soviet system, interesting as these concerns may be to those working in the field. From what has been said, a study of savings deposits is obviously related to those three key areas which Holland Hunter mentions in his concluding remarks to this Conference. But one may cast the net more widely still. Research on savings, as

^{9/} Franklyn D. Holzman's interesting article, "Soviet Inflationary Pressures, 1928-1957: Causes and Cures," (Quarterly Journal of Economics, May 1960) deals very largely with the earlier years he selected for study. His account stops short of that period--roughly 1956-58--when the entrance into force of several of Khrushchev's welfare measures exerted a particularly powerful influence on disposable money incomes.

The only attempt to relate the development of savings deposits to the existence of inflationary conditions of which this writer is aware will be found in the interesting paper by David W. Bronson and Barbara S. Severin, "Recent Trends in Consumption and Disposable Money Incomes in the USSR," in Joint Economic Committee, New Directions in the Soviet Economy (Washington, D.C., US GPO, 1966), Part II-E.

an aspect of performance in the consumer sector of the economy, could constitute a minor but not uninteresting part of the study of that human and living reality which, Hunter does well to remind us, deserves our serious attention. The behavior of the Soviet citizen-- in this case in his role as an individual saver--ought to interest us as one aspect of the quality of life in this very different setting; and I find it surprising that so little interest has been shown in this personal side of daily existence in the Soviet Union. Of course the opportunities for study and observation are bound to be limited, and difficult as well. For one thing, it has been a good many years since the time when foreigners, in appreciable numbers at least, have had the opportunity of long residence among Soviet citizens and in typical Soviet conditions.^{10/} I find that little has been done along these lines.^{11/}

^{10/} By way of illustration of the sort of imaginative analysis and competent reporting I have in mind, I cite--on an altogether different subject--George Feifer's engaging Justice in Moscow (New York: Simon and Schuster, 1964).

^{11/} An additional bibliographical listing may serve to illustrate the very meager material on savings habits among Russians. I must skip mention of some older writers. On the economics of the subject, there is nothing, unfortunately, in Margaret Miller's Rise of the Russian Consumer (London: The Institute of Economic Affairs, 1965). I can find no reference in Arvid Brodersen's otherwise excellent work, The Soviet Worker (New York: Random House, 1966). Some useful material on savings is interwoven in Philip Hanson's recent book, The Consumer in the Soviet Economy (MacMillan, 1968), but his main interest is in measuring consumption in real terms.

Among works dealing more generally with Soviet conditions, the situation is not much better. It is a disappointment to find no discussion of savings habits in Jack Miller's very recent and good book, Life in Russia Today (London: B.T. Batsford Ltd., 1969). The occasional references to savings habits, attitudes toward frugality and similar notions in works dealing with the Russian "national character"--books like Klaus Mehnert's Soviet Man and His World (1961) and Wright W. Miller's Russians as People (1961)--may conform to our individual observations (or prejudices) but they can hardly be accorded scientific respectability. Finally, even the last book by that marvelously prolific student of Russian life, the late Maurice Hindus's stimulating The Kremlin's Human Dilemma (New York: Doubleday and Company, Inc., 1967), has only a fleeting reference to savings habits in what is a large, infinitely varied and warmhearted study of the Russian scene.

Perhaps it is high time to call an end to these speculative thoughts though it is my hope that readers will be encouraged by these remarks to turn their attention to a study of this one side of the daily existence of some typical Soviet individuals. In pushing this idea, finally, I wish to avoid being accused of neglecting the possibilities of using interdisciplinary techniques for the purpose of studying savings habits, even though I cannot claim expertise in fields other than my own.^{12/}

It is always tempting, finally, to look back over the road we have traveled in order to get some notion of how far along we have come. Writing ten years ago, Gregory Grossman--whose absence from this Conference was deeply regretted, not least by his colleagues in the field of monetary studies--suggested that "coverage on finance has been relatively good, thanks particularly to the work of Holzman

^{12/} Some years ago, in a private discussion with Professor Demitri Shimkin on the subject of Soviet writing on savings deposits and savings behavior, I was deeply impressed with the sort of contributory evidence he was able to cull from such sources as Soviet ethnographic journals, material on folklore, and the like. I have since that time been convinced that the opportunities for interdisciplinary research have been neglected.

Besides, there are other source materials than the social sciences and their specialized techniques. Two examples of quite a different approach come to mind: we have Gerschenkron's pioneering essay on the use of literary (dare we call them belletristic?) sources for the study of economic conditions--his "A Neglected Source of Economic Information on Soviet Russia" (in Economic Backwardness in Historical Perspective, 1962)--and there is Alec Nove's interesting essay "The Peasants in Soviet Literature Since Stalin," in his Economic Rationality and Soviet Politics (New York: Frederick A. Praeger, 1964).

and Powell," but he also noted that "much interesting work remained to be done." It is still true to say, as he wrote at that time, that "little is known about the operating principles of basic economic units: the store, the bank...."^{13/} He would agree today, I feel certain, that it is time we got to work.

^{13/} Gregory Grossman, in Harold H. Fisher, editor, American Research on Russia (Bloomington, Indiana: Indiana University Press, 1959), pp. 43, 45.