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Volume Author/Editor: Adam Kaufman

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CHAPTER 5

The Absorption of Small-Scale Industry in the Plan Period

Administrative Reorganization of Small-Scale Industry

IN the initial draft of the First Five Year Plan introduced in 1929, the entire small-scale industry was left outside the jurisdiction of state-planned and state-controlled industry. Concentrating the industrialization drive on certain key branches of heavy industry, the planners ignored temporarily not only the *kustar'* and artisan industry but even some important and more developed industries that were closely connected with agriculture. Thus, the five year plan for the food industry did not cover fishing, milk processing, or meat packing because these industries were considered part of agriculture.¹

In the process of industrialization the scope of planning was enlarged, and a tentative plan² was drawn up to organize some of the self-employed *kustari* and artisans in the RSFSR into producer cooperatives, 46 per cent of all *kustari* in the RSFSR to be so organized by 1932/33.³ But this comparatively "modest" goal was overfulfilled long before the end of the First Five Year Plan. The "census" distinc-

¹ *Piatiletanii plan sel'skokhoziaistvennoi i pishchevoi promyshlennosti VSNKh SSSR na 1928/29-1932/33 gody* [The Five Year Plan for Agriculture and the Food Industry of the USSR VSNKh for 1928/29-32/33], Moscow, 1930, p. 3.

² *Materialy piatiletnego plana razvitiia kustarno-promyslovoi kooperatsii RSFSR, 1928/29-1932/33* [Materials on the Five Year Plan for the Development of Kustar' Producer Cooperatives in the RSFSR, 1928/29-32/33], Moscow, 1930.

³ *Kontrol'nye tsifry piatiletnego plana narodnogo khoziaistva i sotsial'no-kul'turnogo stroitel'stva RSFSR, 1928/29-1932/33* [Control Figures for the Five Year Plan for the National Economy and Social-Cultural Development of the Russian Republic, 1928/29-32/33], Moscow, 1929, p. 125.

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tion between large- and small-scale industry was declared obsolete and entirely unwarranted. One Soviet specialist in small-scale industry argued that "the vestiges of this artificial distinction should soon be completely liquidated. In industrial production the notion of 'small-scale,' *'kustar'*, and 'large-scale' industry must be done away with. All industrial production will be included in the accounting and control system regardless of type of ownership or whose administrative, operative, and planning jurisdiction it is under."⁴

The Soviet planners did not go so far as to eliminate the distinction between large- and small-scale industry entirely, but they did try to bring small-scale industry under the over-all centralized plan. By 1930 this drive was in full swing. The reorganization was accomplished through three principal channels. First, part of small-scale industry was organized into producer cooperatives (*promyslovye kooperativy*). These were mainly in the cities and embraced branches of light industry (such as apparel, textiles, knitted goods, shoes, leather, and felt), construction materials (such as bricks, lime, and shingles), and the extraction of minerals (such as peat and phosphate). The total membership of the producer cooperatives increased rapidly, from 865,000 on October 1, 1928, to 1,760,000 on January 1, 1931.⁵ Many of these members were organized into producer cooperative shops; and, since most of these shops employed more than thirty workers, they automatically became incorporated into large-scale industry. The members of producer cooperatives working in shops increased in number as follows:⁶

1926	266,000
1929	465,000
1930	722,000
1931	1,134,000

By 1932 the majority of these shops came under the category of large-scale census enterprises.⁷

⁴ A. Senko, "Melkaia i kustarnaia promyshlennost' na putiakh sotsialisticheskoi rekonstruktsii" [Small-Scale and *Kustar'* Industry on the Road to Socialist Reconstruction] in *Puti industrializatsii* [Means of Industrialization], 1931, No. 5-6, p. 71.

⁵ *Vsia kooperatsiia* [All Cooperatives], Moscow, 1929, p. 3, and Senko in *Puti industrializatsii*, 1931, No. 5-6, p. 73.

⁶ *Promyslovaia kooperatsiia SSSR za 10 let, 1922-1932* [Producer Cooperatives in the USSR for Ten Years, 1922-32], Moscow, 1932, p. 2, and Senko in *Puti industrializatsii*, 1931, No. 5-6, p. 73.

⁷ *Promyslovaia kooperatsiia*, p. 2. It is interesting to note that the taking over of producer cooperatives by state industry is still continuing. In 1956 cooperatives with a membership of 600 thousand were transferred to state enterprises (*Narodnoe khoziaistvo SSSR* [The National Economy of the USSR], Moscow, 1956, p. 203).

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From 1931 on, a severe shortage of industrial raw materials (such as leather, cotton yarn, wool, and textiles) forced the Soviet government to cut down on the supply of these scarce materials to small-scale industry, even to the producer cooperatives. This undermined the work of the newly organized cooperatives in light industry. The producer cooperatives in the shoe industry, for instance, had made 16 million pairs of shoes in 1927/28; in 1931 they had to shift entirely to shoe repairing, and production of new shoes became a monopoly of state industry. Similarly, 19,000 tons of cotton yarn were manufactured by producer cooperatives in 1927/28; but by 1931 this production had become concentrated in state factories, along with the manufacture of cotton fabrics and ready-to-wear clothing.⁸

The small-scale food industry was initially organized into either consumer cooperatives (*potrebitel'skie kooperativy*) or agricultural cooperatives (*sel'skokhoziaistvennye kooperativy*). But, because of the acute shortage of food products (meat, milk, vegetable oil, etc.), the bulk of the food industry was very soon put under the direct control and operation of state trusts.

Two other channels of reorganizing small-scale industry were followed in rural areas. Some small-scale industries that satisfied the needs of collective farmers, such as flour milling and blacksmithing, became "collective farm industry" (*promyshlennost' kolkhozov*). At the same time attempts were made to organize the "nest" industries (see Chapter 4) into shops inside the collective farms. This resulted in the establishment of mixed collective farms that were both industrial and agricultural, the so-called "industrial collective farms" (*promkolkhozy*). Despite all the efforts of the Soviet planners, the number of these industrial collective farms remained small and even diminished over time, as can be seen from the following figures given for the beginning of each year:⁹

1933	2,428
1934	997
1935	857
1936	698
1937	536

and again in 1960 producer cooperatives with a membership of 1.4 million were transformed into state-owned and state-operated enterprises (*Izvestia* [News], Jan. 26, 1961).

⁸ Senko in *Puti industrializatsii*, 1931, No. 5-6, pp. 79 ff.

⁹ *Vestnik sovetskoi torgovli* [Bulletin of Soviet Trade], 1938, No. 8-9, p. 53.

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In 1938 the registration of *promkolkhozy* was dropped altogether.¹⁰

Collective farm industry, on the other hand, has been of more lasting importance. For 1933 and 1935 some data are available on industrial enterprises of collective farms in the RSFSR (see Table 12) which accounted for more than 70 per cent of all collective farms in those years. These enterprises produced a significant fraction of all flour,¹¹

TABLE 12

COLLECTIVE FARM INDUSTRY IN THE RSFSR: NUMBER OF ENTERPRISES,
EMPLOYMENT, AND VALUE OF OUTPUT, 1933 AND 1935

	1933			1935		
	Number of Enterprises	Number of Persons Engaged ^a	Gross Value of Output (million "1926/27" rubles)	Number of Enterprises	Number of Persons Engaged ^a	Gross Value of Output (million "1926/27" rubles)
Total	n.a.	n.a.	n.a.	299,250	644,920	1,362.1
Total excluding fishing, flour milling, and logging	101,690	221,209	339.5	197,238	397,721	604.1
Electric stations	122	201	0.1	541	822	0.5
Lime quarries	105	294	0.2	508	1,208	1.5
Brick yards	2,212	5,632	7.0	5,432	13,163	10.3
Blacksmithies	71,561	136,869	145.4	125,007	241,886	391.3
Transportation equipment	771	1,452	0.8	603	1,692	1.6
Furniture and wood products	6,772	17,341	4.4	20,067	50,924	55.0
Felt and felt shoes	3,605	5,970	14.2	7,689	10,903	24.7
Hemp products	296	14,422	2.0	1,078	21,547	4.2
Garment industry	361	826	1.1	455	1,081	2.3
Leather products	5,857	7,833	2.8	13,550	16,620	17.6
Leather shoes ^b	2,710	5,349	1.4	3,222	5,169	3.8
Dairy products, vegetables, and wine	680	1,497	8.5	1,061	1,772	14.7
Bakeries	2,008	3,670	6.4	5,918	8,067	25.5
China and shingles	355	802	2.1	723	1,845	2.4
Fishing	n.a.	n.a.	n.a.	5,299	133,900	5.4
Flour milling	n.a.	n.a.	n.a.	57,231	75,985	703.7
Logging	n.a.	n.a.	n.a.	39,482	37,322	48.9

SOURCE: Dubnikov and Ivanov in *Plan*, 1936, No. 20, p. 10.

^a The number of persons engaged is not given in full-time equivalents, except for logging.

^b Includes both production and repair of shoes.

¹⁰ After World War II the *promkolkhozy* were salvaged in some fishing areas. In 1953 there were 289 artels of *promkolkhozy* with a membership of 53,000 in the All Soviet Council of Producer Cooperatives (S. A. Gorelik, *Statistika* [Statistics], Leningrad, 1956, vol. II, p. 11). The total number of industrial collective farms in the postwar period was as follows (end-of-year figures): 1956—1.8 thousand, 1957—1.7 thousand, 1958—1.4 thousand, 1959—1.2 thousand (*Narodnoe khoziaistvo SSSR v 1959 godu* [USSR National Economy in 1959], Moscow, 1960, p. 423).

¹¹ Flour mills attached to collective farms accounted for about 50 per cent of the total capacity in flour milling in the middle 1930's (M. Dubnikov and A. Ivanov, "Promyshlennost' kolkhozov RSFSR" [Collective Farm Industry in the RSFSR], *Plan*, 1936, No. 20, p. 10).

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bricks, lime, and shingles. After World War II, the number of these enterprises declined from about 425,000 to 350,000 because of the amalgamation of collective farms.¹²

Some small-scale industrial enterprises were transferred to local authorities, who operated them as local industries (*predpriiatiia rikov*). They have, however, been much less important than collective farm industrial enterprises. The gross value of their output in 1933 amounted to 242 million rubles (6.5 per cent of the total gross value of output of small-scale industry) compared with 2.1 billion rubles for the collective farm industrial enterprises (56 per cent).

Shift from Small- to Large-Scale Industry

The result of these structural and administrative changes in the initial years of the Plan period was a drastic decline in the statistically defined small-scale industry. In a single year, 1930, employment in a large segment of small-scale industry fell by about 430,000 full-time equivalents.¹³ The sharpest decline occurred in traditionally small-scale products, such as textiles, garments, felt and felt shoes, and leather and leather shoes. The decline continued throughout the First Five Year Plan and into 1933 (see Table 13).

The data for 1933 and 1927/28 in Table 13 are not strictly comparable. The coverage of the former is narrower, some 400,000 (fewer in full-time equivalents) independent *kustari* and artisans—remnants of the private segment of industry—not being included. But even if we adjust the 1933 data to include these independent *kustari* and artisans, the trend is still quite clear. During the First Five Year Plan, employment in small-scale industry declined by 1.5 million persons in full-time equivalents. What happened to these people and to their industries?

¹² *Narodnoe khoziaistvo*, 1956, p. 42, and *Narodnoe khoziaistvo v 1956 godu* [USSR National Economy in 1956], Moscow, 1957, p. 48.

¹³ Basic data from *Melkaia promyshlennost' SSSR po dannym vsesoiuznoi perepisi 1929 goda* [Small-Scale Industry in the USSR According to Data from the All-Union Census of 1929], Moscow, 1932–33, vol. 1, Tables 6–8, pp. 18–19. In full-time equivalents, employment in small-scale industry excluding flour milling, logging, and fishing apparently fell from 1.6 million in 1929 to 1.2 million in 1930. Full-time equivalents were derived by multiplying the basic data for each industrial group by the ratio of the average number of weeks worked a year in each small-scale sector (*ibid.*, pp. 118 ff) to the average number of weeks worked a year in the corresponding large-scale group ("Itogi proizvodstva fabrichno-zavodskoi promyshlennosti SSSR za 1928/29" [Results of the Production of the USSR Factory Industry in 1928/29], *Statisticheskoe obozrenie* [Statistical Review], 1929, No. 12, pp. 88 ff).

TABLE 13

PERSONS ENGAGED IN SMALL-SCALE INDUSTRY, BY INDIVIDUAL
INDUSTRIES, 1927/28 AND 1933

Industry	Thousand Full-Time Equivalents		Small-Scale as Percent- age of Total	
	1927/28	1933	1927/28	1933
Ferrous and nonferrous metallurgy	—	—	—	—
Fuel	2	—	—	—
Electric power	—	2	—	2
Chemicals	24	15	24	5
Machine building and metal products	217	16	33	1
Machine building	55	7	14	1
Metal products	162	9	60	2
Wood, paper, and logging	588	111	77	6
Plywood and lumber	—	5	—	2
Miscellaneous wood products	251	105	90	30
Matches	—	—	—	—
Pulp and paper	6	—	12	—
Logging	331	1	100	—
Construction materials	59	25	27	5
Cement	—	—	—	—
Bricks and other construction materials	36	16	43	10
Glass	—	—	—	—
Others	23	9	51	4
Printing	39	8	34	7
Textiles and allied products	951	200	50	10
Cotton ginning	—	—	—	—
Primary processing of fibers	—	—	—	—
Cotton fabrics	63	1	10	—
Linen fabrics	2	—	2	—
Woolen fabrics	105	29	58	23
Silk fabrics	16	—	47	—
Hemp and jute products	34	30	58	35
Knitted goods	73	36	70	19
Garment industry	331	3	81	8
Leather industry	48	1	52	2
Fur industry	22	2	81	5
Boots and shoes	257	44	87	16
Others	—	24	—	29
Food and allied products	481	189	60	17
Flour and groats	125	115	75	66
Sugar	—	—	—	—
Confectionery	20	6	48	9
Vegetable oil	20	7	59	26
Starch and syrup	2	1	40	7
Alcohol, wine, yeast, and vodka	—	—	—	—
Beer and malt	—	—	—	—
Tobacco and makhorka	—	—	—	—
Salt	—	—	—	—
Grease, tallow, and soap	3	3	21	11
Fishing	199	1	87	1
Others	112	56	69	14
Total	2,408	861	45	8

SOURCE: Table A-2.

— negligible.

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On the one hand, many handicraftsmen abandoned their trades and became workers in the newly organized state factories. On the other hand, a considerable part of small-scale industry was absorbed and incorporated into large-scale industry via producer cooperatives. Unfortunately, Soviet statistics do not provide the data needed to assess this "definitional" transfer of labor and equipment from small- to large-scale industry. Nevertheless, in an indirect way the shift may be measured by changes in, first, large- and small-scale employment and, second, in large- and small-scale production in a number of industries, such as the shoe, garment, knitted goods, and many food industries.

Small-scale employment rose between 1926/27 and 1927/28 in both total numbers and full-time equivalents. The latter considerably exceeded the concurrent increase in large-scale employment. From 1928/29 through 1931, small-scale employment remained rather stagnant while large-scale employment rose from 3.3 to 4.8 million.¹⁴ This, according to Senko, was due, on the one hand, "to the tremendous demand for new labor in state large-scale industry" and, on the other, "to the mass transfer, via amalgamation, of small-scale industrial enterprises, with all their personnel and workers, to factory (census) industry."¹⁵

The same shift from small- to large-scale industry is evident in a study made by I. Berlin and Ia. Mebel' of the sources of the increased urban hired labor between 1927 and 1931 (see Table 14). A large part of the urban self-employed producers who became hired workers went into large-scale industry. Of the nearly 3 million rural inhabitants who joined the urban labor force, many undoubtedly were former *kustari* (blacksmiths, millers, etc.). It seems reasonable to suppose that half of both these groups (i.e., 2 million people) were former *kustari* and artisans. This would imply that half of the 1927 employment in small-scale industry was shifted into large-scale industry between 1927 and 1931.

A similar picture emerges from an examination of more detailed data on increase in employment in the large-scale segments of specific industries (see Table 15). The greatest increases are for the industries in which the share of large-scale employment in 1928 was the lowest.

¹⁴ Senko in *Puti industrializatsii*, 1931, No. 5-6, p. 74.

¹⁵ *Ibid.*, pp. 74 f.

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TABLE 14

RECRUITMENT OF URBAN HIRED LABOR BY SOURCE, 1927-31

	Thousand Persons	Per Cent of Total
Current urban labor force		
Unemployed	460	7
Self-employed	1,164	17
Others	371	5
Urban entrants into labor force	2,073	30
Rural entrants into labor force	2,817	41
Total net recruitment	6,885	100

SOURCE: I. Berlin and Ia. Mebel', "Strukturnye sdvigi v naselenii i proletariate" [Structural Changes in the Population and the Proletariat], *Voprosy truda* [Labor Problems], 1932, No. 11-12, p. 23. According to the same source, the influx of the rural working population into urban settlements in 1927-32 amounted to 6.5 million persons and, if members of their families are included, to over 10 million.

TABLE 15

PERSONS ENGAGED IN LARGE-SCALE SECTOR OF
SELECTED INDUSTRIES, 1927/28 AND 1933

	<i>Thousand Full-Time Equivalents</i>		1933 as Percent- age of 1927/28	<i>Large-Scale as Percent- age of Total</i>	
	1927/28	1933		1927/28	1933
<i>Light Industry</i>					
Garment industry	79	403	510	19	92
Leather, fur, and shoe industry	89	327	367	21	87
Knitted goods	31	156	503	30	81
Woolen fabrics	77	97	125	42	77
Cotton ginning	5	16	320	n.a.	100
Silk fabrics	18	25	139	53	100
Hemp and jute products	25	56	224	42	65
Miscellaneous wood products	29	249	859	10	70
<i>Food Industry</i>					
Flour milling	42	59	140	25	34
Confectionery	22	58	264	52	91
Grease, tallow, and soap	11	24	218	79	89
Starch and syrup	3	14	467	60	93

SOURCE: Table A-2.

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Absorption of Peasant Home Industry into State Industry

Another important structural change in the First Five Year Plan was the shifting of some traditionally agricultural activities to "industry." In its effect on statistics, this meant that some productive processes previously considered part of "agriculture" came to be included under industry.

As in many underdeveloped countries, the scope of economic activity of the Russian peasantry in the pre-Plan period went beyond agriculture proper, i.e., plant cultivation and animal husbandry. Some activities, although they furnished a nonagricultural product, were so closely associated with the peasantry that they were considered an integral part of "agriculture" in its broader meaning. This applied to fishing, hunting, procuring of firewood, and logging. It was customary for Soviet statistical sources to include the output of these "industries" in agricultural statistics.¹⁶ According to estimates of B. Gukhman, the value of output in these quasi-agricultural activities amounted to around 11 per cent of the value of output of industry as customarily defined.¹⁷ In addition to these quasi-agricultural pursuits, the peasantry, as the main source of agricultural raw materials, processed a large portion of both foods and technical crops in home industries and in rural small-scale industrial units. Examples of such work are primary flax and hemp processing, cotton ginning, wool washing and felt processing, cattle slaughtering, leather tanning, processing of butter and cheese, pressing of vegetable oil, etc. Finally, the Russian peasantry supplied a large part of the industrial labor force for some seasonal industries outside their villages, such as peat extraction, quarrying, brick making, etc.¹⁸

¹⁶ See, for example, *Narodnoe khoziaistvo SSSR* [USSR National Economy], Moscow, 1932, p. 5.

¹⁷ B. Gukhman, "Dinamika proizvodstva" [Dynamics of Production], *Ekonomicheskoe obozrenie* [Economic Survey], 1929, No. 9, p. 114.

¹⁸ Soviet statisticians have made some attempts to assess the industrial activities of the peasantry and their weight in the total economic activity of the rural population. S. G. Strumilin (*Problemy ekonomiki truda* [Problems of Labor Economics], Moscow, 1957, p. 253) computed such measures in terms of annual hours of productive work per member of a peasant family. Basing his estimate on data furnished by an investigation of Voronezh *oblast'*, carried out in June 1923, Strumilin concluded that 78.5 per cent of labor was spent on agriculture and husbandry proper, and 21.5 per cent in home industrial activities, of which 2.5 per cent was for procuring of firewood, 18.4 per cent for spinning and looming of textiles, 0.5 per cent for butter churning, and 0.1 per cent for making other products to be sold on the market.

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Practically all the food consumed by the Russian population in the pre-Plan period was a product of agriculture proper or was processed by a dispersed, decentralized rural industry, which was in part inseparable from peasant home industry. On the eve of the Plan period, only a few branches of the food industry had reached the stage of factory production and were under state control: alcohol and vodka, beer, sugar, tobacco and cigarettes, the larger flour mills, and part of the canned food industry. This does not mean that many other branches of the food industry did not exist. Being dispersed in small-scale enterprises, in a considerable part privately owned or closely connected with agriculture or trades, the output of these industries was not statistically recorded or included in the computation of industrial output.

In 1929-30, the situation changed radically. A centralized, state-controlled food industry, with many specialized branches, sprang into existence. One after another, existing shops were taken over and amalgamated into larger industrial units by state trusts for milk, meat, and butter and centralized procurement agencies for hides, flax, wool, and hemp. Flax scutching, butter churning, and cattle slaughtering actually became monopolies of the state, forbidden to private peasants. Instead of the ten branches it had at the beginning of the Plan period, the state-controlled food industry had more than twenty by the end of 1932. Out of the 22,410 enterprises listed by the Central Statistical Administration (*TsSU*) in 1927 (excluding the smaller *kustar'* enterprises), 4,582 (20 per cent) were owned by the state, 6,257 (30 per cent) by different types of cooperatives, and 11,476 (50 per cent) by private enterprise. In 1931 the total number of food enterprises registered by *TsSU* declined to 13,677, of which 4,458 (33 per cent) belonged to the state, 7,656 (56 per cent) to cooperatives, and only 1,422 (10 per cent) to private owners.¹⁹

A great part of the increase in industrial output resulting from the shift of activities from agriculture to industry was a change in form rather than in substance. Production previously not counted statistically accounted for a considerable increase, which created a paradoxical situation. Over 1928-32, a time of acute food shortage resulting from collectivization of agriculture and culminating in the famine of 1931-32, the Soviet indexes for the food industry show percentage increases that sometimes surpass the most rapidly developing heavy industries. It may be reasoned that there is a net gain from the devel-

¹⁹ *Pishchevaia promyshlennost'* [The Food Industry], 1932, No. 7-8, p. 28.

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opment of modern meat-packing enterprises, mechanized factories, vegetable oil factories, etc., that produce, with less effort and labor, products previously produced within the home economy of millions of peasant families, and that this gain should be reflected in the over-all industrial index. But during the First Five Year Plan the organizational shift was not so much technological as definitional.

For the period 1928-32, the official Soviet production index shows a rise of 63 per cent²⁰ for the entire food industry and of 81 per cent for the large-scale segment.²¹ But during these five years, there was an increase in physical output among food and allied products only in the cases of macaroni, salt, canned food, beer, cigarettes, vodka, and candy (see Table 16). According to the NBER production indexes, output of

TABLE 16
PHYSICAL OUTPUT OF FOOD AND ALLIED PRODUCTS,
1928 AND 1932

Product	Unit	Output in 1928	Output in 1932	Change (per cent)
Flour	mill. m.t.	24	20	-17
Macaroni	th. m.t.	47	185	+294
Butter	th. m.t.	82.1	71.4	-13
Vegetable oil	th. m.t.	620	490	-21
Meat	th. m.t.	678	483	-29
Soap	th. m.t.	360	357	-1
Salt	th. m.t.	2,336	2,636	+13
Raw sugar	th. m.t.	1,283	828	-35
Canned food	mill. cans	125	692	+454
Beer	th. hectolit.	3,907	4,210	+8
Cigarettes	billions	49.5	57.9	+17
Makhorka	th. crates	4,293	3,274	-24
Vodka	mill. decalit.	55.5	72.0	+30
Candy	th. m.t.	103	296.6	+188

SOURCE: G. Warren Nutter, *Growth of Industrial Production in the Soviet Union*, Princeton for NBER, 1962, Table B-2.

all food and allied products, weighted by 1928 prices, increased by only 13 per cent, and that figure does not take account of the depreciation in quality over this period.²²

²⁰ *Promyshlennost' SSSR* [Industry of the USSR], Moscow, 1957, p. 367.

²¹ *Sotsialisticheskoe stroitel'stvo*, 1936, p. 16.

²² G. Warren Nutter, *Growth of Industrial Production in the Soviet Union*, Princeton for NBER, 1962, Table 17 and pp. 67 ff.

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Summary

As a corollary to the collectivization of agriculture, Soviet small-scale industry was subjected to the over-all national plan in the initial period of the First Five Year Plan. Three main methods of reorganization were applied to small-scale industry. Some small-scale shops, mainly in the light industry (shoes, garments, knitted goods, etc.), were reorganized into producer cooperatives, many of which through agglomeration came under the jurisdiction of large-scale industry. Small enterprises in some specific industries (flour milling, blacksmith shops) were transferred to collective farms as collective farm industry; and finally some villages in which agricultural activity was connected with *kustar'* industry were organized as industrial collective farms. The reorganization of the food industry and the primary processing of agricultural products (wool, flax, hides) took a somewhat different form. Contrary to the past when agricultural activity included the production of some food products (cattle slaughtering, butter churning, flax processing, etc.), agriculture was now strictly limited to plant cultivation and animal husbandry, and food processing became an actual monopoly of the state, predominantly large-scale industry. The reorganization of small-scale light industry into producer cooperatives, on the one hand, and the enlargement of the scope of industry by including within its bounds the processing of agricultural products which previously had not been statistically counted, on the other, facilitated the absorption of a substantial part of small-scale industry into large-scale industry.