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CHAPTER 6

Processing at Intermediate Levels

THERE is very little information on what happens to physical output data (or, for that matter, any statistical data) after they have been reported by the individual enterprise. As these data move upward, they are presumably combined into larger totals at the various points of confluence in the statistical flow channels, are grouped and tabulated in various ways, and at some unknown point are supplemented by estimates of the output of the smaller enterprises that do not report continuously. What numerical adjustment these data may undergo at the intermediate levels, either for the sake of greater accuracy or for the promotion of selfish interests, we generally do not know. However, we may suppose that no regular or systematic correction for greater accuracy of the physical output data submitted by continuously reporting industrial enterprises is undertaken at the intermediate levels; for otherwise the specialized literature would be likely to contain, which it does not, instructions and articles on the methods of making such corrections.¹

As we have seen, until the middle of 1957 the data submitted by the enterprises flowed upward mainly through two parallel channels: the economic administrative hierarchy and the statistical apparatus. Let us consider the two in turn.

Distortion in the Economic Administrative Hierarchy

We have already established that the echelons of economic administration above the enterprise generally share the latter's interests in presenting a favorable picture of plan fulfillment, and that therefore ministries and their subdivisions (and since 1957 *sovnarkhozy* and *their* subdivisions) often cover up the shortcomings of, or overlook simulation by, the enterprises subordinate to them. But do they, on their own part, write up (or down, as the case may be) the data they receive from below? I have come across no direct, specific evidence that they do. Indirectly, however, this is strongly sug-

¹ This is not so in agriculture. For instance, the livestock census returns for 1933 and 1934 (and possibly later years) were corrected upward by *TsSU* to compensate for underreporting revealed by sample checks (*Plan*, 1935, No. 11, p. 19). See also the case of milk production statistics later in this chapter. I should not be surprised if *TsSU* has also been correcting upward for alleged underreporting other agricultural statistics, among them the "biological crop" returns.

gested by the fact that ministries and other higher level entities are almost always mentioned by the statistical authorities in the same breath with enterprises in connection with dishonest reporting.²

It would seem, a priori, that the administrative levels above the enterprise, insofar as they do distort, would be much more likely to write output up than to write it down (except in the relatively unimportant form of "lending" output to other periods). The more significant type of write-down—underreporting to conceal illicit diversion of the product—would hardly seem to serve a purpose at the level of the trust, *glavk*, *sovnarkhoz*, or ministry (except insofar as individuals at these levels may be "in" on such things).

Apart from any possible deliberate distortion, some mislabeling of commodity categories may enter production statistics at this level because of a lack of tidiness in the specialization of enterprises and the organization of industry. At least this is suggested by the following extract from a recent newspaper article:³

"The Ural Chemical Machinery Plant continues to produce articles not corresponding to its specialization, such as equipment for the iron and steel industry, the food-processing industry, construction of electric power stations, and so forth. Yet, strange as it may seem, all this output is also designated in the plan as chemical equipment. . . . The RSFSR *Gosplan* draws up the plan [for the U.C.M.P.] just as the former Ministry of General Machine-Building used to do it. . . . Only one-third, and at times even less, of the total output of the U.C.M.P. goes to the chemical industry."

We may assume that if the nonchemical equipment is listed in the plan as chemical equipment, it is also reported as such for statistical purposes. While I have seen no direct evidence to this effect, the same kind of confusion of commodity categories may well happen in other machine-building plants producing a wide variety of equipment.

² Cf. V.S., 1951, No. 2, pp. 91-95, and No. 5, pp. 57-61. Also, consider the following statement by Ezhov, chief of the industrial statistics division of TsSU, at a conference of regional statisticians (*italics added*): "The struggle for reliability of reported data is a most important task of the agencies of state statistics. The personnel of the [federal, republic, and local—G.G.] divisions and sectors of industrial statistics must radically improve their work of checking the reliability of reported data; they must intensify the struggle against the still persisting efforts of individual persons in enterprises and ministries to embellish the actual state of affairs, etc." (V.S., 1952, No. 5, p. 88).

³ P.E.G., May 13, 1959, p. 3.

Distortion in the Statistical Apparatus

Our ignorance of Soviet statistical practices becomes virtually complete at the point where the data reach the statistical apparatus. Apart from the criticisms already mentioned, the typical complaint by the higher statistical authorities of the work of the local statistical offices is that they tend to act as mere transmission belts for data, shying away from economic analysis of the material in their possession. I have come across no mention by statistical authorities of concrete instances of data distortion *initiated* by the statistical apparatus, although such outright statements should perhaps not be expected in any case from the leadership of a bureaucratic organization which is responsible to the regime for the accuracy of information.

It would seem that the statistical agencies have little incentive to distort physical output data on their own initiative, and if they do so, it is by dint of pressure from interested parties, such as the planners, the producers (enterprises, trusts, ministries), and the local political authorities (Party units, local soviets). Since the local political authorities in the USSR are held responsible for the economic activity within their area, and particularly for plan fulfillment, their interests in this regard would seem to parallel closely those of the producers themselves. Pressure on the part of local political authorities is clearly a touchy subject, but direct or oblique references to it do occasionally crop up in the literature. Consider the following revealing statement at a conference of statisticians in Kalinin *oblast'*, September 1935, by Kraval' then the chief of *TsUNKhU*:⁴

"The most heartening thing about this conference is the complete unanimity of opinion between *TsUNKhU* and the representatives of the leading [i.e. political—G.G.] organizations of the *oblast'*. It is not to be doubted that the district [*raion*] statistical inspectors are much at fault when it comes to the shortcomings of statistics [*uchet*] in the districts. It is incorrect to pass the buck to the chairmen of the district executive committees, blaming them for lack of attention to statistical matters. Comrade Stalin has pointed out that a true bourgeois statistician will suffer anything rather than attest

⁴ *Plan*, 1935, No. 23, pp. 35f. The deliberations at the conference dealt primarily with agricultural statistics. See *ibid.*, No. 15, p. 41, and 1936, No. 11, pp. 37-39, for specific instances of political pressure on statistical personnel.

to a figure of whose accuracy he is not convinced. Are our own statisticians any different with regard to this elementary virtue possessed by the honest bourgeois statistician? They, too, have no right and dare not attest to an incorrect figure. Let anyone try to expel them from the Party, let some boob try to arrest them. There have been cases where district inspectors were threatened with arrest because they, like Bolsheviks (though not themselves members of the Party), fought for accurate figures. But the results were that the [political] leadership of the district was removed, while the inspector is still doing his work. Some inspectors consider that they can limit themselves to refusing to sign inaccurate reports; but this is not enough. False reports are sent to the *oblast'* and reach the center [Moscow]; the Central Committee and SNK must reach practical decisions on the basis of the materials at hand. The district inspector is obliged, therefore, to insist that the incorrect report, which may mislead the Party and the government, be stopped and corrected."

One has the impression from the context that the opening sentence of the quotation reflects more hope than conviction.

Speaking twenty years later at another conference of regional statistical workers, Kraval's successor, Starovskii, brought to the attention of his audience the fact that the charter of *TsSU* stipulates that statistical agencies be independent of local (political) organizations in their work. He hastened to add the interpretation: "Independence . . . means only that no local organization may force a worker in a [local] statistical administration or in a district or city inspectorate to change a figure if that figure is correct. Thus, the stipulation with regard to the independence of statistical agencies aims at assuring the truthfulness and reliability of statistical data."⁵ However, he stressed, independence is not to be interpreted to mean that there should not be satisfactory working relations between statistical offices and political authorities on the local level.

Starovskii, at least as his words were reported in *TsSU's* journal, did not elaborate further on the independence of statistical agencies from local authorities. But considering the pressure under which the various local political leaders in the Soviet Union operate, it would not be surprising if they attempted to transmit some of it in the direction where apparent successes come relatively easily, namely

⁵ V.S., 1955, No. 1, p. 82.

toward the statistical system. A vivid description of just such a situation is given in a recent newspaper article.⁶ The article reveals that the *oblast'* statistical administrations were instructed⁷ by TsSU to adjust the returns on milk production upward for underrecording in the *kolkhozy*. The article implies that the percentage correction varies from *oblast'* to *oblast'* and that an *increase* (at least) in this percentage requires permission from "Moscow." (Kursk applied a correction of 3½ per cent, later raised to 4 per cent; Belgorod—4 per cent.) According to the article, the statisticians of Kursk *oblast'* and of the RSFSR regard the adjustment as unnecessary and oppose it. Nonetheless, the statisticians of TsSU consider it justified, and the local political authorities espouse it, presumably as a means of improving the apparent accomplishments of their respective *oblasti*. However, the magnitude of the correction is said to have declined by one-half between 1954 and 1955, at least in the RSFSR. The article also notes that recording of milk output has improved lately.⁸

Of no less interest is the supposedly fictional reconstruction by the newspaper's correspondent of the conversation between the head of the *oblast'* government and the chief of the *oblast'* statistical administration. Faced with the demand to raise arbitrarily the percentage correction, the latter acts anything but independently of the former and is "glad" to accede to the demand, provided authorization is given from "above." The authorization is procured by dispatching the deputy head of the *oblast'* government to Mos-

⁶ "S uchetom 'nedoucheta'" [Taking "Underrecording" into Account], *Izvestia*, April 6, 1956.

⁷ The title of the instruction is given in the article as "Directives on the Computation of the Gross Output of Agriculture"; no date is indicated, but it is likely that the instruction was issued some time after the launching of the new agricultural program in mid-1953.

⁸ Nancy Nimitz ("Soviet Statistics of Meat and Milk Output: A Note on Their Comparability over Time" (processed), The RAND Corporation, RM-2326, Santa Monica, 1959, pp. 26-29) finds that upward adjustment of the milk output reported by the collective farms was discontinued by 1956 according to some Soviet sources. Her study, however, directs attention to certain other—and more serious—questions regarding the comparability of Soviet statistics of meat and milk output over time. On problems connected with recent milk production statistics, see also Lazar Volin, "Milk Production in the Soviet Union: Recent Developments," Foreign Agricultural Service, U.S. Department of Agriculture, FAS-M-58, Washington, May 1959, p. 3. What remains unclear in Soviet milk production data (and unfortunately is not taken up in these two works) is the stability, or lack of it, of the average butterfat content of milk. There is evidence that the state records *its procurement* of milk in terms of a standard butterfat content for each major group of producer (see, for example, *Pravda*, July 17, 1957, p. 6).

cow; unfortunately, there is no account of how he goes about it "at the center."

This case pertains to agricultural statistics, as did the statement by Kraval' quoted above. It is possible that because of the specific conditions in this sector of the economy—a dispersion of producing units, a lower degree of centralized organization and control, smaller possibility of statistical precision, etc., the statistical agencies invite pressure from political authorities more readily with regard to agricultural statistics than with regard to industrial statistics. At any rate, I have not come across any evidence of such pressure with respect to industrial output data.