

Denis Babichenko. *The Debit and Credit of War, or How Stalin Made a Trillion Dollars. The Unknown Economic History of the USSR before, during and after World War II (1940–1953)*. Moscow. Pp. xi + 379. ISBN: 9798610423784.

Reviewed for EH.net by Mark Harrison.

The official reckoning of Soviet material losses arising from the war with Germany makes grim reading. A state commission, established in 1942, reported in September 1945: “During the war, the German fascist invaders completely or partially destroyed and burned 1,710 cities and towns, more than 70 thousand villages and settlements, over 6 million buildings, displaced around 25 million people; and destroyed 31,850 industrial enterprises.” Agricultural losses are said to have included more than 70 million head of livestock large and small, killed, looted, or taken to Germany. A hundred thousand schools, colleges, hospitals, clinics, and so forth were also destroyed. The total was valued at 679 billion rubles at official prices of 1941 (FSGS 2020: 278-279). Semi-official sources (cited by Harrison 1996: 315n) later put this figure at around 30 per cent of “national wealth.”

While a few western authors have expressed scepticism about the reported scale of losses (Moorsteen and Powell 1966: 72-77; Harrison 1996: 158-159), the findings of the state commission have never been audited. Nor has there been any comprehensive account of possible Soviet economic gains from the war, which might extend from the value of territories and assets annexed in 1939/40 and 1945 to postwar reparations from former Axis countries.

The Debit and Credit of War is a first attempt to strike an informed balance of Soviet losses and gains from World War II. The author, Denis Babichenko, is an independent scholar and writer based in Moscow. He has previously written about the history of censorship in the Soviet Union.

After a short introduction, the book is divided into four parts. In Part I, chapter 1 reviews the Russian and Soviet national economic statistics of the period from 1913 to 1941. On that basis, Chapter 2 evaluates the size and condition of the Soviet economy on the eve of the German invasion. Both evaluations are very unfavourable.

Part II is concerned with Soviet economic losses arising from the war. While these took place almost entirely on territories that saw fighting and temporary German occupation, Chapter 3 notes that much destruction arose from Soviet, not German actions – apparently, anyway. During retreat, Stalin’s orders were to evacuate what could be saved and destroy

the rest. Babichenko argues that less was evacuated than was officially claimed and that more of the capital stock survived occupation than was claimed. With that in mind, Chapter 4 turns to the damage attributable to German war actions and occupation policies, the basis of the 679 billion rubles already mentioned. It is argued that official reports were grossly exaggerated. Rather than being based on reports from the ground, they were thrown together to match a predetermined target for postwar reparations that Stalin had fixed from above in 1943, long before the war's end (p. 167). Babichenko shows that the reported losses from enemy occupation in physical units, which should have formed the building blocks for valuation of the aggregate loss, were implausibly large: some of them equalled or exceeded the total stocks claimed before the war on the occupied territories, and sometimes the claimed stocks for the entire country (pp. 256-257).

Part III examines Soviet economic gains from the war. Chapter 5 is devoted to "gains from allies", finding that Allied wartime aid exceeded the mere "4 percent" of the value of Soviet wartime industrial production claimed after the war by a factor of five (p. 268). Chapter 6 considers postwar "gains from wartime enemies," in which the most important element was reparations. From 1944 through 1953, these alone are put at nearly two trillion rubles at current prices (p. 329), or three times the value of the material losses from German occupation.

In Part IV, Chapter 7 strikes the balance, throwing together an assortment of real and financial, current and capital items to reach a net surplus to the Soviet economy of two trillion rubles of the time or, in today's values, 1.3 trillion dollars (pp. 331-332). An afterword concludes.

The project of *The Debit and Credit of War* is a brave one. Today, Russian law criminalizes the denial of facts established by the international war crimes tribunal held in Nuremberg in 1945/46, where the figure of 679 billion rubles was written into the indictment of major German war criminals (IMT 1947: 60). The project is also necessary. In Russia today the scale of Soviet war losses remains a painful subject, powerfully charged with negative emotions. The 40 years of Soviet obfuscation of the numbers of civilian and military war dead give no reason to accept official claims of property losses at face value. The political decisions and statistical methodologies that produced the figures are largely unknown and unexplored. This book opens up the subject. The way it does so balances important strengths and weaknesses.

In Part I, Babichenko outlines his approach to Soviet official statistics and archival documents. The dilemma for all researchers in this field is this: you know the published statistics are often deceptive, sometimes intentionally so. You go to the archives and what you find is . . . more of

the same. So, what do you do? Babichenko advocates reliance on three things (p. 39). First, look for detail, which is less easily fabricated than broad aggregates and round numbers. Second, look for evidence of methodology; if there is bias in the underlying method, there is a chance you can compensate for it. Third, look for cross-checks across the documentation, which can offer confirmation or expose inconsistencies. These are sensible rules. They resemble the habits that all Western scholars of the Cold War generation (including me) had to learn in order to use Soviet official publications. The same approach continues to be useful for understanding the far more voluminous official documentation left in the secret archives.

In these respects, Babichenko's revelations are welcome. Not all is done well, however. The tone is often angry, with many digressions. The animosity is directed against the perpetuation of Soviet-era lies and the naïve foreigners who go along with them. Translated for Western readers, the passion appears misdirected. A cooler approach with more focus on presenting and explaining the findings might have been more persuasive.

Much of the argument of Part I is distracting and irrelevant. Chapter 1 notes, correctly, that the economic information found in Soviet archives is generally of low quality. Babichenko explains this as follows: Stalin feared penetration by spies and was interested in disinformation; perhaps he had the archives seeded with fake documents designed to mislead the adversary about the true state of the Soviet economy. So far, this is conjecture. At the same time, Babichenko maintains, truthful documents were deliberately weeded out and destroyed. Here he brings evidence, but the evidence means less than he thinks. The Soviet bureaucracy had a procedure for discarding excess documentation. The procedure has left plentiful traces in the archives (Harrison 2013). In the process, important documents were sometimes destroyed. But this does not support the hypothesis. When documents were produced in multiple copies, one copy was typically assigned to the archive. If another copy was destroyed, it does not mean that the archive copy had disappeared. If the intention behind destruction was to destroy all copies, it is hard to explain why it was meticulously recorded. If the archives were so thoroughly weeded of reliable economic records, it is hard to explain why detailed records of mass killings and other abuses were carefully conserved.

Babichenko notes, again correctly, that Soviet official growth measures were greatly overstated. This is not new; it was the basis of the long Western project to reevaluate Soviet economic data that began with Colin Clark (1939). In Chapter 2 Babichenko rejects nearly all these efforts, preferring the "alternative" growth estimates of Grigorii Khanin (1991). Ironically, for the period 1950-80, the results of Khanin's efforts differ little from those of Western scholars. For the period 1928-41, all-

important for this study, Khanin's sector components of national income follow a mix of Western and Soviet official series, but his national income measure, which should average them, falls below them by far more than can be explained by any weighting scheme (Harrison 1993). The reasons are not evident. Relying on this, however, Babichenko's estimates of the level and growth of Soviet output between the wars fall well below those adopted by the Maddison Project (Bolt and van Zanden 2020) and currently in general use among economic historians.

A feature of the analysis, introduced in Chapter 2, and particularly important in Chapters 5 to 7, is the US dollar as the standard of value. Recent decades have seen largescale collaborative efforts to improve cross-country comparisons in real terms (i.e. at purchasing power parity), represented by the International Comparisons Project of the World Bank, the Penn World Tables, and (for historical data) the Maddison Project. Babichenko conducts much of his book's argument in dollars, but without the benefit of these efforts. That is, ruble values of various years are converted to dollars at the market exchange rate (for 1913), or (for the Soviet period) at purchasing power parity, before being updated to dollars of 2019. The PPPs, which are Khanin's (1991) "alternative" ruble/dollar rates for selected years, give two problems. One, they are guesses. Two, even if they were roughly right for traded goods, they would then be wrong for aggregates (such as national income) that include non-tradeables. The likely direction of the biases is to overstate the value of foreign relative to Soviet resources.

Another feature of Chapters 5 to 7 that serves to swell the final sum is the aggregation of stocks and flows and of real and financial items into the balance sheet of war. Ideally, these should be separated (e.g. Harrison 1996: 156; Broadberry and Howlett 1998: 66-71). For example, while Babichenko correctly excludes defence costs and foregone output from the debit side, he adds Lend-lease supplies as a credit. But most Western aid was consumed in the war period. Even if some minor fraction of Lend-lease goods was diverted into postwar reconstruction, the greater part should be excluded.

In weighing up the book's findings, I am swayed in different directions. This is a subject about which we need to know more. I have learned a lot from the author's investigations, and I am grateful for that. At the end, however, I am sceptical of many findings. At times it is hard to avoid the sense that Babichenko is in pursuit of the control figure set by his own subtitle: one trillion dollars. There are too many grand claims and short cuts. The author is less critical of the potential biases that favour his thesis than of any that would work against it. Nonetheless this book opens up important questions and indicates lines along which scholarship can advance.

Mark Harrison is Emeritus Professor of Economics at the University of Warwick. He is currently writing about secrecy and the Soviet state. His most recent book is *The Soviet Economy and the Approach of War, 1937-1939* (with R. W. Davies, Oleg Khlevniuk, and Stephen G. Wheatcroft), published by Palgrave Macmillan in 2018.

References

Bolt, Jutta, and Jan Luiten van Zanden. 2020. Maddison Style Estimates of the Evolution of the World Economy. A New 2020 Update. University of Groningen, Groningen Growth and Development Centre, Maddison Project Working Paper no. 15.

Broadberry, Stephen, and W. Peter Howlett. 1998. The United Kingdom: Victory at all Costs. In *The Economics of World War II*, 43-80. Edited by Mark Harrison. Cambridge: Cambridge University Press.

Clark, Colin. 1939. *A Critique of Russian Statistics*. London: Macmillan

FSGS (Federal'naia sluzhba gosudarstvennoi statistiki). 2020. *Velikaia Otechestvennaia voina. Iubileinyi statisticheskii sbornik*. Moscow: Rosstat.

Harrison, Mark. 1993. Soviet Economic Growth Since 1928: The Alternative Statistics of G. I. Khanin. *Europe-Asia Studies* 45(1): 141-167.

Harrison, Mark. 1996. *Accounting for War: Soviet Production, Employment, and the Defence Burden, 1940-1945*. Cambridge: Cambridge University Press.

Harrison, Mark. 2013. Accounting for Secrets. *Journal of Economic History* 73(4): 1017-1049.

IMT (International Military Tribunal). 1947. *Trial of the Major War Criminals Before the International Military Tribunal, Nuremberg, 14 November 1945-1 October 1946*. Vol. I, *Official Text in the English Language. Official Documents*. International Military Tribunal: Nuremberg.

Khanin, Grigorii I. 1991. *Dinamika ekonomicheskogo razvitiya SSSR*. Novosibirsk: Nauka.