

G.I. Khanin, *Sovetskii ekonomicheskii rost: analiz zapadnykh otsenok* [Soviet economic growth: an analysis of western evaluations]. Novosibirsk: EKOR. 1993. 158 pp. Tables. Bibliography

This remarkable volume is an important marker in the process of integrating Russian and western applied economics. For decades discussion of Soviet economic performance took place in two parallel universes, aware of each other's existence but without the possibility of dialogue. As this book reveals, there is much to be learnt, and the learning will be done by both sides; western scholars were wrong if they ever thought that the learning would all be on the Russian side, and Khanin shows that Russian economists are not going to be treated as junior partners in the future development of the subject. Khanin is one who laboured for many years from within, under the shadow of official disapproval, on the subject of truth and illusion in Soviet statistics; the object of his latest book is the work of western economists, but his own story forms an appropriate counterpoint for the reader.

The book operates on several different levels. Its most obvious task is to inform the Russian reader about the work of the western pioneers of Soviet GNP and capital stock evaluations: in order of appearance, Colin Clark (whose first work on the subject appeared in 1939), Naum Jasny, Abram Bergson and his collaborators on the RAND Corporation project of the 1950s, Alexander Gerschenkron and Bergson's other contemporaries Donald Hodgman, Warren Nutter, and Bergson's successors in the CIA Office of Soviet Analysis led by Rush Greenslade. In their regard Khanin sets out briefly the important fact common to them all: what they made of Soviet economic growth was nearer to the modest truth than the official exaggerations of the Soviet central statistical administration (TsSU).

At a deeper level, Khanin's subject is scientific retrogression. He argues that the 50-year-old work of Clark and Jasny got nearer the truth than the far more theoretically elaborate, superficially better informed work of their successors. As Bergson and those who came after him benefited from a wider range of published statistics, and became more ambitious in their methodologies, correction factors, and adjustments, they lost sight of the core of reality which, in Khanin's view, Clark and Jasny had already grasped.

For the sake of comprehensiveness, Khanin argues, the Americans made too many compromises in the direction of acceptance of dubious official data; this led them to an inadequate downward revision of official claims. They concentrated on measurable quantities, while the quality of Soviet life swam out of focus. Despite good intentions, they ended up with inflated claims, for example, about the growth of Soviet machinery output, investment, and the capital stock; the Soviet/US GNP relativity; and the level of Soviet living standards relative to other countries. They measured transport services in ton-kilometres, disregarding speed and timeliness of delivery, and food products in kilogrammes and decalitres, forgetting about freshness, packaging, and variety. They forgot the ultimate goal which, as Peter Wiles reminded them, was to measure "the output of utility, not goods". They had no criterion of plausibility rooted in lived everyday experience of Soviet reality, and this led them to adopt unrealistic findings. With inferior statistical information, Clark and Jasny kept their feet on the ground and avoided such gross errors.

This argument is itself conducted on several levels. Some of it is an argument about the excessive specialisation of western economics, which prevents western scholars from being expert simultaneously in the economics, culture, history, and daily life of the societies which they study. Some of it is about the legitimacy of experiential data,

when experience and statistics come into conflict. A consistent theme of Khanin's work has been the importance of lived experience and literary evidence (including anecdote) in judging the degree of realism of official statistics. Those who have lived in a shortage economy, for example Soviet-educated Russian emigrants such as Birman and Navrozov, are considered to have a superior grasp of the cost to the consumer of a permanent seller's market.

At another level, Khanin's work concerns national traditions of scientific endeavour. It is no accident that Khanin concludes by asserting the priority of Soviet scholars in regard to the exposure of official statistical distortion (although not the main subject of this book, he has written more fully elsewhere on this theme). The "right deviationist" Riutin (in the early 1930s), Sobol' and Bunich (in the 1940s and 1950s), and Mikhalevskii, Shatalin, Solov'ev, and Vainshtein (in the 1960s), and Birman and Navrozov amongst the more recent emigre generation, are all cited as labourers in the same vineyard. The reader may also note Khanin's appreciation of Hanson, Nove, and Wiles, who, following in the footsteps of Clark, maintained a British tradition of scepticism of the American effort.

Some criticisms of the American tradition are overplayed. Amidst the multitude of objections raised against Bergson, Moorsteen and Powell, and the CIA, it is necessary to remember that for the long run of postwar years (1950-85), Khanin's own series hardly differ from the most recent American GNP estimates. There remain, however, significant differences over prewar economic growth, and how Soviet economic growth was phased, Khanin believing that there was more growth in the 1950s, and that subsequently stagnation set in sooner and more sharply, than CIA figures allow. Clark, Jasny, and Hodgman are praised for their efforts to evaluate Soviet economic performance on the basis of limited information by grasping the core; their successors, on the other hand, can't win, being blamed either for making deductions from inadequate information, or for extending the coverage of the information base to an excessive degree of detail.

Some praise of Jasny, and his favourable comparison with Bergson, is based on misunderstanding of index number problems. To take a notorious example, both Jasny and Bergson published what appeared to be Laspeyres index numbers of the real Soviet national product in 1937, based on 1928. Bergson's figure was 275 per cent, where Jasny's was only 172, suggesting a large exaggeration on Bergson's part. But the real problem was that Jasny's figure was in reality a Paasche index of real output, not a Laspeyres index, since he had divided the value index of national income by a Laspeyres price index based on 1928 without realising the implication. Bergson's corresponding Paasche index number was 162 per cent (the so-called "Gerschenkron effect"), which Jasny's figure of 171 tended to confirm, not refute.

On the whole, Khanin gives little attention to index number relativity. The discovery of the Gerschenkron effect rates a short paragraph; little importance is attached to the price set used to calculate each cited result. These too are no mistake (as the Stalinist prosecutor might have said). One of the influences shaping Khanin's argument is a particular kind of positivist reaction against official lies. This positivism treats statistics as facts, which ought to embody absolute truth, and which speak for themselves without the need for interpretation, rather than as artefacts, the truthfulness of which must be interpreted relative to the way in which they are constructed. If statistics are artefacts, they are no different in kind from other kinds of historical evidence such as memoirs, memoranda, and literary records; they form a continuous spectrum with literature and anecdote, distinguished from the latter only by the extent that they are more aggregated and concentrated.

Difficulties of the Russian language and the prohibitive cost of commercial translation make it unlikely that this book will be widely read in the west. Western specialists will need to be aware of it, however, and libraries should order it from the publisher at prospekt Akademika Lavrent'eva 17, 630090 Novosibirsk. Khanin's book can hardly fail to raise further his stature as a key player in the onward development of Russian economics. East-west dialogue among economists has never been easy, but this important work shows how a common understanding of scholarly concepts and national traditions can begin to emerge.

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