



## A Postwar Perestroika? Toward a History of Private Enterprise in the USSR

Julie Hessler

*Slavic Review*, Vol. 57, No. 3. (Autumn, 1998), pp. 516-542.

Stable URL:

<http://links.jstor.org/sici?sici=0037-6779%28199823%2957%3A3%3C516%3AAPPTAH%3E2.0.CO%3B2-P>

*Slavic Review* is currently published by The American Association for the Advancement of Slavic Studies.

---

Your use of the JSTOR archive indicates your acceptance of JSTOR's Terms and Conditions of Use, available at <http://www.jstor.org/about/terms.html>. JSTOR's Terms and Conditions of Use provides, in part, that unless you have obtained prior permission, you may not download an entire issue of a journal or multiple copies of articles, and you may use content in the JSTOR archive only for your personal, non-commercial use.

Please contact the publisher regarding any further use of this work. Publisher contact information may be obtained at <http://www.jstor.org/journals/aaass.html>.

Each copy of any part of a JSTOR transmission must contain the same copyright notice that appears on the screen or printed page of such transmission.

---

JSTOR is an independent not-for-profit organization dedicated to and preserving a digital archive of scholarly journals. For more information regarding JSTOR, please contact [support@jstor.org](mailto:support@jstor.org).

# A Postwar Perestroika? Toward a History of Private Enterprise in the USSR

Julie Hessler

One of the firmest popular conceptions of the Soviet Union in the United States is of a system that categorically banned private enterprise. Embraced by specialists and the general public alike, this conception reflects the official Soviet stance that the private sector was eradicated during Iosif Stalin's "great break" of 1929–30. Indeed, over the course of those two years, individual peasants were compelled to collectivize, private stores forcibly shut, private manufactures socialized, and even doctors and dentists pressured to cooperate or to close shop. The concept of an interdiction against all private economic activity found support in the words of the dictator—Stalin's assertions that the Soviet Union was a society "without capitalists, small or big," that socialist, not capitalist, property was the "foundation of revolutionary legality," and many other statements of a similar ilk. Stalin proved his commitment to this model by his readiness to resort to coercion against its violators: at his instigation, repressive laws threatened entrepreneurs with five to ten years in prison camp for profitable private business. Such developments appeared as unequivocal as they proved lasting; when commentators discussed perestroika in the late 1980s, the only historical precedent they could identify was Lenin's New Economic Policy six decades before.

Within the historical profession, economic historians have been among the only spokesmen against this model. For decades, economic historians have been aware of the large role played by private market trade in the consumer economy of the Stalin era, much of it perfectly legal. Their findings, however, have been restricted to one segment of the private economy, peasant market trade, and they have not been integrated into our global picture of the Stalin regime. Social historians, in particular, have not assimilated the estimate that Soviet citizens spent between one-third and one-half of their incomes on the legal free market in all but a few years of Stalin's rule.<sup>1</sup> One might justifiably argue that this is a significant social fact.

This paper has benefited from the criticisms and encouragement of friends and colleagues. I owe a special debt to Gennadii Bordiugov, who pointed me to the Mekhlis documents that sparked my interest in postwar privateers. That was in 1993, when I was in Russia under the auspices of a Fulbright-Hays Fellowship; unfortunately, those documents have been reclassified in the intervening years. More recently, Alex Dracoby, Sheila Fitzpatrick, Wendy Z. Goldman, Andrea Graziosi, Bill Husband, and Terry Martin deserve my thanks for their thought-provoking comments on the paper in various stages of its development. Finally, I must acknowledge the support of the Kennan Institute for Advanced Russian Studies, which gave me a welcome respite from teaching to write this paper.

1. A. N. Malafeev, *Istoriia tsenoobrazovaniia v SSSR, 1917–1963* (Moscow, 1964), 234; Alec Nove, *An Economic History of the U.S.S.R.* (London, 1969), 174–76, 192, 269; William Moskoff, *The Bread of Affliction: The Food Supply in the U.S.S.R. during World War II* (Cam-

*Slavic Review* 57, no. 3 (Fall 1998)

The view that private enterprise was illegal in the Soviet Union has not necessarily precluded cognizance of its existence. On the contrary, by the 1980s, the Soviet "black market" had entered into Americans' collective imagination. Not only did it figure prominently in newspaper articles and popular travel accounts of the Soviet Union, nearly everyone had heard through the grapevine about Russians' insatiable desires for dollars and blue jeans.<sup>2</sup> Such an image was buttressed by a considerable scholarly literature on the Soviet "second economy" or "shadow economy," dating mostly from the 1970s and 1980s.<sup>3</sup> Inside or outside the academy, these writings were ahistorical; nearly all dealt exclusively with the decades following Stalin's death. As a result, even specialists lack a basic knowledge of the black market of the Stalin era; I have occasionally even heard assertions that it did not yet exist. Legal or illegal, the history of private enterprise must count among the biggest gaps in Soviet history today.

This article has two purposes. First, it surveys the evolution of the private sector in both law and practice from around 1930 to the final years of Stalin's regime. Second, it highlights an episode in the second half of the 1940s as pivotal to the development both of state policy toward the private sector and of the private sector itself. In brief, I show that despite the constriction of private enterprise at the end of the New Economic Policy (NEP), neither was it categorically prohibited nor did it disappear. What remained was an informal economy consisting primarily of small-scale informal trade (including peasants' market trade) and artisanal manufactures. Such activities occupied a considerable portion of the population during the 1930s but became nearly universal during World War II. They were supplemented in the postwar 1940s by a more formal type of small business, exemplified by private restaurants, barber-shops, and stores. The extension of the private sector in variety, scope, and scale created a dilemma for Soviet policymakers and for the organs charged with policing this sector. Ultimately, policymakers' response was to clamp down on the private economy—to reestablish, and in one re-

---

bridge, Eng., 1990), 152–76; R. W. Davies, *The Industrialisation of Soviet Russia 3: The Soviet Economy in Turmoil, 1929–1930*, 87–88, 289–303. Exceptions to the general neglect of the subject by social historians include Basile H. Kerblay, *Les marchés paysans en U.R.S.S.* (Paris, 1968); E. A. Osokina, *Ierarkhiia potrebleniia: O zhizni liudei v usloviakh stalinskogo snabzheniia, 1928–1935 gg.* (Moscow, 1993), 117–21; and Stephen Kotkin, *Magnetic Mountain: Stalinism as a Civilization* (Berkeley, 1995), 251–56.

2. Hedrick Smith, *The Russians* (New York, 1976); Konstantin M. Simis, *USSR—The Corrupt Society: The Secret World of Russian Capitalism*, trans. Jacqueline Edwards and Mitchell Schneider (New York, 1982); David K. Willis, *Klass: How Russians Really Live* (New York, 1985).

3. See, especially, the series Berkeley-Duke Papers on the Second Economy in the USSR, edited by Gregory Grossman and Vladimir Treml. Number 21 of that series is an excellent bibliography, compiled by Gregory Grossman, of literature on the private sector in the Soviet Union and eastern Europe (1990). Particularly good discussions include Grossman's "The 'Second Economy' of the USSR," *Problems of Communism* 26, no. 5 (September–October 1977): 25–40, and Aron Katsenelinboigen, "Colored Markets in the Soviet Union," *Soviet Studies* 29, no. 1 (January 1977): 62–85.

spect to constrict still further, the bounds of toleration formulated in the period following NEP.

In the short run, however, official responses to the private economy illustrate the politics of possibility in the years following the war. As historians of the late 1940s have demonstrated, it took time for Stalinist political controls to be reestablished; for a brief period between the Soviet victory and early 1948, ordinary citizens as well as bureaucrats could imagine a postwar future distinct from the economic, political, and repressive model of the 1930s.<sup>4</sup> In the episode that I chronicle, officials in the Soviet tax administration put forward a truly radical response to mass public participation in the private economy. As the chief of the government oversight agency wrote to Stalin in a scandalized exposé of related “distortions,” Soviet tax officials and the social forces they championed were directing their energies toward “restoring the privateer,” “unleashing private entrepreneurial activity,” and arguably even “giving the speculator the opportunity to prosper openly at the workers’ and peasants’ expense.”<sup>5</sup> In Stalin’s Soviet Union, how could this come to pass?

The one moment in the history of the Soviet private sector that is well served by existing literature is the extirpation of private stores and manufactures in the late 1920s.<sup>6</sup> With the exception of a single article on the fate of private traders and artisans after NEP, the subsequent history of these activities has not been explored.<sup>7</sup> Between 1930 and 1936, policymakers tested how much private economic activity they could effectively prohibit. In the end, they were forced to tolerate more than they had originally hoped. As indicated above, small-scale informal trade and artisanal manufactures fell into the grey area of the planned economy; despite periodic “struggles” against them, they persisted as a safety valve for both consumers and providers for the remainder of the Stalin era.

4. Elena Iu. Zubkova has a particularly intriguing discussion of what she calls the “spirit of freedom” in the early postwar years. See her “Obshchestvennaia atmosfera posle voiny,” *Svobodnaia mysl’* 2, no. 6 (1992): 4–14, and *Obshchestvo i reformy, 1945–1964*, “First monograph” series (Moscow, 1993), 16–44. Political histories of the late Stalin period—probably the most understudied period in Soviet history—include Werner G. Hahn, *Postwar Soviet Politics: The Fall of Zhdanov and the Defeat of Moderation, 1946–53* (Ithaca, 1982); William O. McCagg, *Stalin Embattled, 1943–1948* (Detroit, 1978); Timothy Dunmore, *Soviet Politics, 1945–53* (New York, 1984).

5. Rossiiskii tsentr khraneniia i izucheniia dokumentov noveishei istorii (RTsKhIDNI), f. 17, op. 121, d. 584, ll. 63, 64, 68 (1947 report from Ministry of State Control).

6. See especially Alan M. Ball, *Russia’s Last Capitalists: The Nepmen, 1921–1929* (Berkeley, 1987); E. H. Carr and R. W. Davies, *Foundations of a Planned Economy 1926–1929* (London, 1969), 1:663–74; R. W. Davies, *The Soviet Economy in Turmoil, 1929–1930* (Cambridge, Mass., 1989), 283–304; V. A. Arkhipov and L. F. Morozov, *Bor’ba protiv kapitalisticheskikh elementov v promyshlennosti i torgovle, 20-e–nachalo 30-kh godov* (Moscow, 1978).

7. Sheila Fitzpatrick, “After NEP: The Fate of NEP Entrepreneurs, Small Traders, and Artisans in the ‘Socialist Russia’ of the 1930s,” *Russian History/Histoire Russe* 13, nos. 2–3 (Summer–Fall 1986): 187–234. Its title notwithstanding, this article deals primarily with the harassment of these groups at the end of NEP.

The laws on manufacturing developed over the course of several years after the abandonment of NEP. Initially, peasants were allowed to continue artisanal production of traditional goods as long as they could get by without the use of hired labor. These goods were to be marketed through established state or cooperative retail networks, but they could also be sold at outdoor bazaars by the artisans themselves.<sup>8</sup> Subsequent decrees progressively narrowed individuals' production rights. As of December 1935, unincorporated artisans were barred from manufacturing clothes, linens, hats, leather shoes, and notions, as well as leather saddles and harnesses and any goods made out of nonferrous metals; suppliers were forbidden to sell independent artisans the raw materials for such goods.<sup>9</sup> The Rules on the Registration of Manufactures and Trades, promulgated in March 1936, introduced still further restrictions. Private individuals were no longer permitted to rework food or other agricultural products for resale; to operate inns; or to rent out weights and measures at the bazaar. Finally, paragraph 20 of the rules indicated that anyone found plying a prohibited trade should not be subject to taxes or fines, but rather turned over to the procuracy for criminal prosecution.<sup>10</sup> The progressive constriction of legal businesses in 1935–36 was consistent with the Seventeenth Party Congress's call for the "final liquidation" of artisans and other "capitalist elements" by the end of the second Five-Year Plan.<sup>11</sup> This goal, however, proved unattainable in the prewar period; though relegated to the proverbial dustbin of history, independent artisans and tradesmen did not completely fade away. In 1940, according to central financial records, there were 75,418 registered private artisans in the USSR.<sup>12</sup>

Private enterprise found a more comfortable niche in artisanal cooperatives in the prewar years. Whereas consumer cooperatives were almost indistinguishable from state stores by the early 1930s, manufacturing and invalids' cooperatives retained a surprising degree of independence and democratic organization. Admission of new members was still contin-

8. 2 June 1930, Sovet Narodnykh Komissarov (SNK) decree "O kustarnoi promyshlennosti i promyslovoi kooperatsii," *Sobranie zakonov SSSR*, 1st otdel, 1930, no. 30:338; revised in 1931, no. 41:284, and 1933, no. 42:248. A note on terminology: *kustari*, *remeslenniki*, and *kooperoirovannye* present certain translation problems. I generally translate *kustari* as "artisans" or "peasant artisans," *remeslenniki* as "tradesmen," and—despite its inaccuracy—I use "incorporated" and "unincorporated" for *kooperoirovannye* and *nekooperoirovannye*.

9. 17 December 1935, SNK decree, "Ob izmenenii poriadka oblozheniia podokhodnym nalogom nekooperoirovannykh kustarei i remeslennikov," *Sobranie zakonov SSSR*, 1st otdel, 1936, no. 1:4.

10. 26 March 1936, SNK decree "Pravila registratsii kustarnykh i remeslennykh promyslov," large sections of which were reprinted in RTsKhIDNI, f. 17, op. 121, d. 584, ll. 62–64.

11. *Pravda*, 11 February 1934.

12. RTsKhIDNI, f. 17, op. 121, d. 584, l. 77 (1948 memo from USSR tax chief on dynamics of private sector). Of course, this represented a tiny percentage of the 4,895,000 *kustari* active in 1926. Cf. Roger Pethybridge, *One Step Backwards, Two Steps Forward: Soviet Society and Politics in the New Economic Policy* (Oxford, 1990), 317–26.

gent on a vote by the cooperative's general assembly, as was the decision to exclude an existing member.<sup>13</sup> According to the government oversight agency in 1934, lack of outside control made artisanal cooperatives a magnet for former traders, industrialists, and other NEP-era privateers. Particularly in the areas of building supplies and consumer goods, manufacturing cooperatives in Kiev, Moscow, and other cities were functioning like private partnerships: they rested on family networks, employed hired labor far beyond official limits, distributed profits according to capital investment, and allowed individual members to conclude contracts for considerable personal gain.<sup>14</sup> Members of Moscow's Mospromsnabsbyt cooperative, for example, earned up to 150,000 rubles a year in 1933–34—a fantastic sum, by contemporary standards, when the highest official salary was 500 rubles a month.<sup>15</sup> On the other hand, official suspicion of cooperatives led to the institution of ever higher tax rates on their profits and to repeated campaigns to purge them of “anti-Soviet,” “pseudo-artisanal elements.”<sup>16</sup>

Private trade, albeit in petty quantities, constituted a more visible part of the Soviet economy in both the prewar and the war years. Concentrated at open-air bazaars, private trade was officially limited to peasants' sales of surplus produce, artisans' sales of their own handicrafts, and occasional sales of unwanted used possessions by the public at large.<sup>17</sup> Whereas the regulation of other private businesses became increasingly restrictive over the course of the 1930s, exchange rights were revoked upon the abolition of private stores in 1929–30 and then partially restored. From 1929–32, market vendors were subject to sporadic crackdowns by municipal authorities, who in turn—in an exact reprise of the exchange politics of the civil war era—were periodically countermanded

13. A 1939 compendium of existing laws on manufacturing cooperatives indicated that the 1927 “Polozhenie o promyslovoi kooperatsii” was still in effect on this point. I. A. Selitskii, ed., *Sbornik postanovlenii o promyslovoi kooperatsii* (Moscow-Leningrad, 1939), 23–24.

14. Gosudarstvennyi arkhiv Rossiiskoi Federatsii (GA RF), f. 8131, op. 12, d. 99, ll. 1–3, 18–41 (USSR Prokuratura materials on pseudo-cooperatives in Moscow and Kiev). Hired labor was officially permitted as a temporary expedient, or as a trial period (up to one month) for would-be members. Together, nonmembers were never to exceed 20 percent of the total workforce of the cooperative. “Polozhenie o promyslovoi kooperatsii,” 23.

15. GA RF, f. 8131, op. 12, d. 99, l. 29. On Soviet functionaries' salaries, see Mervyn Matthews, *Privilege in the Soviet Union: A Study of Elite Life-Styles under Communism* (London, 1978), 99–101. Politicians could accumulate salaries from each of their official positions; they also received various perquisites in kind.

16. At the beginning of the 1930s, cooperatives were taxed at the same rate as state enterprises, a flat 20 percent. Over the course of the decade, tax rates were increasingly differentiated. As of 1938, tax rates on manufacturing and invalids' cooperatives ranged from 23.5 percent of profits (for cooperatives with profit rates of less than 8 percent) to 90 percent on profits exceeding 32 percent (the first 32 percent being taxed at a 55 percent rate). F. M. Larin, *Podokhodnyi nalog s kooperativnykh i obshchestvennykh organizatsii* (Moscow, 1945), 3–6.

17. The key decree on the bazaar was the Tsentral'nyi Ispolnitel'nyi Komitet/SNK edict of 20 May 1932, which established once and for all the right of these groups to sell their wares at market prices. *Sobranie zakonov*, 1932, no. 38:356–57.

by central decree.<sup>18</sup> With or without official sanction, bazaars not only existed but flourished in the bleak economy of the collectivization years, when economic historians have estimated that market vendors furnished 30 to 40 percent of city dwellers' food.<sup>19</sup> The regime's decision, in spring 1932, to regularize the status of the bazaars represented a major concession to reality on the part of Stalinist policymakers. On the other hand, they were anxious to circumscribe the toleration thereby extended to the market economy. Less than four months after the legalization of peasants' and artisans' market trade, a new law on speculation affirmed that "systematic" buying and selling was still subject to criminal prosecution and increased the sentence for this crime to five years.<sup>20</sup>

Punitive sanctions notwithstanding, what went on at Soviet markets by no means remained within the approved bounds. An army of "resellers" worked the bazaars in the early 1930s, and to the dismay of Soviet authorities, peasants proved more than willing to sell to them along the highway instead of wasting a day at the market themselves.<sup>21</sup> In the later 1930s, market vendors did a lively business in a variety of consumer goods. According to a July 1936 edict on bazaar trade, "In the markets of many cities, private citizens can be seen selling new manufactured goods (cotton, wool, silk, and linen cloth; shoes; bicycles; clothing, shirts, linens, and clothing accessories; household goods; phonographs, phonograph records, and so on)."<sup>22</sup> The decree went on to identify sales as "speculative" if they exceeded the lowest state retail price. By this index, nearly every private transaction fell afoul of the law.

The regulation of markets, however, was left primarily to local governmental authorities, and these proved uninterested in eliminating petty

18. On bazaars during the civil war, see V. M. Ustinov, *Evolutsiia vnutrennei torgovli v Rossii, 1913–1924* (Moscow-Leningrad, 1925), 37–38. The harassment of market vendors and local attempts to eradicate market trade in 1929–30 appear in numerous memoirs and secondary works, e.g., Walter A. Rukeyser, *Working for the Soviets: An American Mining Engineer in Russia* (New York, 1932), 217; Calvin B. Hoover, "The Fate of the New Economic Policy of the Soviet Union," *Economic Journal* 40 (June 1930): 186–87; Leonard Hubbard, *Soviet Trade and Distribution* (London, 1938), 141–42; Ball, *Russia's Last Capitalists*, 78–79; David L. Hoffmann, *Peasant Metropolis: Social Identities in Moscow, 1929–1941* (Ithaca, 1994), 146. The first central statement on bazaars in 1929–30 came as early as February 1930, when the Commissariat of Finance and the RSFSR NKVD issued instructions on renting trading space at the market. *Biulleten' finansovogo i khoziaistvennogo zakonodatel'stva*, 1930, no. 8 (March 17): 28–29.

19. Kerblay, *Les marchés paysans en U.R.S.S.*, 122; Davies, *Soviet Economy in Turmoil*, 304.

20. 22 August 1932, Tsentral'nyi komitet Kommunisticheskoi partii Sovetskogo soiuz/SNK decree "O bor'be so spekulatsiei," *Sobranie zakonov*, 1932, no. 65:628.

21. The newspaper *Snabzhenie, kooperatsiia, torgovlia* asserted that not a single market in the Soviet Union functioned without the activity of resellers and other speculators (9 July 1932). "Speculator-resellers" were a perennial theme in bureaucratic discussions of the markets in the early 1930s, e.g., Gosudarstvennyi arkhiv Odesskoi oblasti, f. R-710, op. 1, d. 263, ll. 4–6 (Rabkrin reports on kolkhoz trade and village trade, 1932); f. 1234, op. 1, d. 1655, ll. 2–4 (1932 gorsoviet reports on markets).

22. 20 July 1936, Commissariat of Domestic Trade decree "O bor'be so spekulatsiei promyshlennymi tovarami na rynkakh," Tsentral'nyi munitsipal'nyi arkhiv Moskvy, f. 46, op. 1, d. 8, l. 22.

trade. At the local level, repression of the unofficial economy was combined with grudging toleration; police, procurators, market administrators, and financial agencies treated private exchange at the bazaar as an inevitable, though in many cases illegal, part of economic life. Local procurators from Vologda to Tashkent flatly refused to prosecute everyone caught violating the laws. As the Dnepropetrovsk procurator put it in 1935, "I'm not going to lock someone up for small change—selling a pair of boots or a couple of meters of cord!"<sup>23</sup> By the late 1930s, many regions followed the example of Moscow, which from 1936–40 explicitly allowed citizens to hawk new consumer goods at the market.<sup>24</sup> As a caveat, a report to the USSR Procuracy on these practices indicates considerable regional variation in official acceptance of private exchange. Only one thing seems to have been universal: after the abolition of the Workers' and Peasants' Inspection in 1934, none of the agencies directly involved in policing the informal economy wanted primary responsibility for its eradication. The police and the procuracy argued for taxation as the state's principal weapon against the black market, and they typically tried to relocate bazaars to sites beyond their jurisdiction at the outskirts of town. Market officials and municipal financial departments, by contrast, called for a tougher police struggle against informal trade.<sup>25</sup>

The German attack on the Soviet Union led to a dramatic expansion of the private sector in both the occupied parts of the country and the rear. Not surprisingly, this effect was greatest in occupied Russia, Belarus, the Baltics, Moldova, and Ukraine. By the time of the liberation in 1944–45, 85 percent of all stores in this territory had been destroyed.<sup>26</sup> Rations, if they were issued at all by occupation authorities, covered no more than a fraction of a subsistence diet.<sup>27</sup> No longer even nominally deterred by Soviet interdictions, private enterprise rose to meet citizens'

23. GA RF, f. 8131, op. 12, d. 43, l. 5 (1935 reports to USSR Prokuratura on speculation).

24. Tsentral'nyi munitsipal'nyi arkhiv Moskvy, f. 46, op. 1, d. 8 (materials on hawking at Moscow markets, 1935–47).

25. GA RF, f. 8131, op. 12, d. 43, l. 6; Tsentral'nyi munitsipal'nyi arkhiv Moskvy, f. 46, op. 1, d. 8, ll. 5, 60. Rabkrin did make an effort to eliminate petty market trade in Riazan' and Odessa, two regions that I have studied. See the files in Gosudarstvennyi arkhiv Riazanskoi oblasti, f. R-300, op. 2, and the Gosudarstvennyi arkhiv Odesskoi oblasti, f. R-710.

26. U. G. Cherniavskii, *Voina i prodovol'stvie: Snabzhenie gorodskogo naseleniia v Velikuiu Otechestvennuiu Voinu (1941–1945)* (Moscow, 1964), 108; *Sovetskaia torgovlia: Statisticheskii sbornik* (Moscow, 1956), 137.

27. Outside the Baltics, where rationing was centrally organized at the pitiful level of 877 calories a day, occupation authorities regulated only the maximum quantity that local officials could supply. Those maxima ranged from 420 calories a day for children and Jews, to 850 for most adults, to 1,200 for individuals employed in "useful work" for the Germans. Theo J. Schulte, *The German Army and Nazi Policies in Occupied Russia* (Oxford, 1989), 87–89, 101. See also Moskoff, *Bread of Affliction*, 50–65; Alexander Dallin, *German Rule in Russia, 1941–1945: A Study of Occupation Policies*, rev. ed. (Boulder, 1981 [1957]), 310–13; Bohdan Krawchenko, "Soviet Ukraine under Nazi Occupation, 1941–4," in Yuri Boshyk, ed., *Ukraine during World War II: History and Its Aftermath* (Edmonton, 1986), 27.

demand. In Odessa, for instance, Soviet financial agents estimated that there were 2,500 private traders operating in 1945, of whom over 1,100 had their own permanent shops; a further 600 artisans had set up private manufactures in the city.<sup>28</sup> The economies of the Baltics had sloughed off their brief experience of Soviet power still more completely. In 1945, as in the interwar decades, commerce, industry, and services rested entirely in private hands.<sup>29</sup>

In the parts of the country remaining under Soviet jurisdiction, the immediate effect of the war was to reinforce the traditional core of the private sector. Though Soviet consumers received more food on rations than their compatriots under German occupation, both legal and illegal market trade furnished vital provisions. In the estimate of A. N. Malafeev, market sales leapt from 14 percent of retail trade in 1940 to 46 percent in 1945 and from 20 percent to 51 percent of food sales over the same period.<sup>30</sup> Even state agencies were forced to resort to the black market for fuel, transportation, and office supplies, as financial officials noted with aspersions at the end of the war.<sup>31</sup> For ordinary citizens, however, it was nearly impossible to buy foods at the market without offering something for sale, given the exorbitant prices of the wartime bazaar. As in the civil war era, barter replaced cash sales in many regions as the principal mode of exchange; elsewhere, citizens hawked whatever they could to earn enough money for potatoes or milk.<sup>32</sup> Older Russians remember informal trade as a universal occupation, as evidenced by these statements about who traded at the market during the war: "Just about everyone!" "If that's a crime, the whole nation is guilty!" "Every family without exception."<sup>33</sup> This was a casual labor force; most citizens spent only part of their days as market vendors.

28. Rossiiskii gosudarstvennyi arkhiv ekonomiki (RGAE), f. 7733, op. 30, d. 19, ll. 35–36 (1945 stenograms and reports, Commissariat of Finance). The number of traders with permanent shops is remarkably high; for comparison, of all private traders who were issued licenses in 1922–1926, only 20 to 30 percent each year had any permanent accommodation for their trade. Ball, *Russia's Last Capitalists*, 91–92.

29. RGAE, f. 7733, op. 30, d. 18, ll. 135, 144, 147.

30. Malafeev, *Istoriia tsenobrazovaniia*, 234. Unfortunately, Malafeev does not explain how these percentages were calculated; I assume that they are relative to the ruble value of sales. In general, statistics on Soviet market sales are notoriously unreliable, as American scholars noted over forty years ago. For intelligent discussions of some of these problems, see John T. Whitman, "The Kolkhoz Market," *Soviet Studies* 7, no. 4 (April 1956): 385–86, and Naum Jasny, *The Soviet 1956 Statistical Handbook: A Commentary* (East Lansing, 1957), 180–81, 188–89. Specifically with regard to the wartime market, William Moskoff has argued that Malafeev's estimates are too low; see Moskoff, *Bread of Affliction*, 153.

31. RGAE, f. 7733, op. 30, d. 18, l. 2; d. 21, l. 17 (stenograms of collegia at the Commissariat of Finance). The Uzbek Finance Ministry was said to be the most egregious offender in this regard.

32. RGAE, f. 7971, op. 5, d. 60, ll. 1–174 (Narkomvnutorg overview of markets by region in 1943–44); interviews with Eleanora Semenovna, Aleksandr L'vovich, Galina Alekseevna, Galina Petrovna, and Liliana Isaevna (March–September 1993); Moskoff, *Bread of Affliction*, 161–64.

33. Interviews with Ruben Artemevich, Aleksandr L'vovich, and Eleanora Semenovna (March–September 1993). These assertions find support in the demographic in-

Criminal and other records nonetheless make clear that some individuals did trade systematically, that is, systematically “speculated,” often through informal contracts with suppliers of stolen, privately produced, or otherwise improperly acquired goods.<sup>34</sup> By March 1945, the Armenian Republic’s chief tax administrator, Ervin-Akopian, could write the following memo to his boss at the USSR Commissariat of Finance, G. Mar’iakhin: “Many collective farmers, and also workers and employees with vegetable gardens, are not in a position to sell their surplus produce at the market themselves. Whether out of a lack of time or merely for the sake of convenience, they resort to assistance from other people. In this way, there emerges a class of individuals who systematically engage in buying and reselling goods.”<sup>35</sup> Moreover, despite the recriminalization of petty private trade at the outbreak of war, the police proved no more inclined to prosecute market vendors than they had been in previous years.<sup>36</sup>

In large part, their reluctance was due to the small scale and survival orientation of illegal market practices. Preoccupied with rudimentary survival, Soviet citizens rarely went beyond trade at the market, petty workplace theft, or occasional trips to the countryside for food in their private economic activities during the war. These practices both reflected and fostered a survivalist ethic, according to which theft (particularly from the state), speculation, and other crimes lost much of their moral stigma in light of the fundamental imperative to stay alive.<sup>37</sup> During the war years, the survival ethic would appear to have rested on a broad societal consensus, manifested in policemen’s tendency to turn a blind eye to most private market sales, in judges’ acquittal of speculators who could prove that they “lived poorly,” and in the universal civilian participation in black-market trade. A particularly striking testimony to its pull can be found in the rash of fights between soldiers and policemen reported to Stalin in summer 1944. In scenes reminiscent of civil war descriptions of “the first war of the Soviet power—the war with the railway passengers,”<sup>38</sup> soldiers and sailors repeatedly attacked police officers when the latter tried to eject crowds of “bagmen” (*meshochniki*) from pas-

---

vestigations carried out by the Moscow police, which showed that market trading cut across divisions of ethnicity, gender, and social class. Tsentral’nyi munitsipal’nyi arkhiv Moskv, f. 46 (market administration), op. 1, d. 8, ll. 110–12 (report on November 1944, police raid).

34. My principal source for this is a database of 210 criminal cases from Moscow and Riazan’ oblast, plus another 200 cases described in various reports.

35. RTsKhIDNI, f. 17, op. 121, d. 584, l. 65.

36. See esp. Tsentral’nyi munitsipal’nyi arkhiv Moskv, f. 46, op. 1, d. 8, l. 112.

37. Foreigners occasionally reported on what Ettore Vanni described as a “disconcerting amorality” and David Dallin called a “dual morality”: Soviet citizens’ willingness to steal from the public or the state for personal profit during and shortly after the war. Cf. David Dallin, “The Black Market in Russia,” *The American Mercury* 69 (December 1949): 679–80; Ettore Vanni, *Io, Comunista in Russia* (Bologna, 1949), 53–54. Justifications of participation in the wartime black market on survivalist grounds were offered by all of my interview subjects.

38. A. Tyrkova-Williams, *Why Soviet Russia Is Starving* (London, 1919), 6.

senger and freight trains. Wielding weapons, the soldiers wrested the bagmen's confiscated sacks of food from the policemen and returned them to their owners. In a few such episodes, the fight escalated into a pitched battle between servicemen armed with machine guns and a hastily summoned "operational group" of the NKVD.<sup>39</sup>

At the end of the war, the survivalist consensus was jeopardized by the emergence of increasingly profitable, entrepreneurial ventures, which diverted a growing population from agricultural or cooperative employment. As Ervin-Akopian, the Armenian tax chief, reported anxiously in his March 1945 memo to the central Commissariat of Finance,

Under the present circumstances, manufacturing cooperatives and local industry are not yet in a condition to satisfy the growing needs of the population for [such goods as clothing, linens, hats, and leather shoes]. The population is thus compelled to resort to privateers, whose number has grown incredibly. In keeping with paragraph 20 of the Rules for the Registration of Manufactures and Trades, these privateers are not subject to taxation; but for its part, the procuracy does not press [the prescribed] criminal charges against them.

This creates a situation where not only the rural artisan ceases to work according to his registered permit, but even members of manufacturing cooperatives, disabled veterans' artels, and workers in other productive enterprises set aside their cooperative work and take their business underground—that is, they start working on a private basis.<sup>40</sup>

If the war had helped to habituate officials to survivalist violations of the law, Ervin-Akopian's observations suggested that other citizens had become accustomed to wheeling and dealing without repercussions. If the laws on speculation could be ignored, why not the laws on private manufactures? By the end of the war, the quandary of procurators in a rural district near Riazan' crystallized a dilemma confronted by officials everywhere. In 1944–45, the peasants of Bel'kovskii raion reverted to their traditional cottage industry, the weaving of a coarse cotton cloth called *sarpinki*. According to local estimates, fully 40 percent of the households in the district had taken up this trade. The Rules on the Registration of Manufactures and Trades notwithstanding, Bel'kovskii peasants bought thread from textile workers in the neighboring provinces of Ivanovo and Vladimir, where factories had resorted to compensating overtime with wages in kind; wove it on handlooms; and sent out agents to sell the cloth in all parts of the USSR. On a single loom, a family could weave 22 to 25 meters of cloth a day, for a daily profit of 350 rubles. Many households had set up a second loom; nearly all had abandoned work on the collective farm.<sup>41</sup>

39. GA RF, f. R-9401 s/ch., op. 2, d. 66, ll. 40–53 (Stalin's *osobaia papka*). The report specifically revived the civil war term "bagmen," albeit in quotation marks, though as far as I have been able to tell, it fell out of use after the early 1930s.

40. RTsKhIDNI, f. 17, op. 121, d. 584, l. 65.

41. GA RF, f. 8131, op. 23, d. 105, ll. 1–9 (USSR Prokuratura materials on weaving in Riazan' oblast, 1946).

The sarpinki problem seemed intractable. As Deputy Minister of Finance Uriupin wrote to the USSR Procurator in May 1946, in a detailed analysis of the case, “criminal prosecution cannot even be discussed.” Police organs could not possibly arrest the weavers, given the “mass nature of this occupation.” Furthermore, Bel’kovskii peasants had been weaving “since time immemorial, and no one ever paid them any mind.” There was no easy way to stanch the supplies of thread from the region’s textile mills, for the factories had no other resources at their disposal for workers’ pay. “All this taken together,” Uriupin concluded, “has brought us to the necessity of petitioning you for certain changes in the existing legislation on the agricultural tax, so that we have permission to tax peasants’ income from the production and sales of sarpinki.”<sup>42</sup> In a nutshell, what Uriupin recommended was to legalize and tax these privateers.

Uriupin’s recommendations reflected the previous year’s discussions at the USSR Commissariat of Finance, where fiscal pragmatism and wartime disruptions had given rise to unprecedented proposals in mid-1945. Decriminalization of private enterprise would represent a step back toward the permissive economic and social policy of the 1920s. Notwithstanding Stalin’s personal role in the abrogation of NEP, financial officials from around the country advocated legalization as the appropriate response to the upsurge in private manufactures and market trade. Armenia’s Ervin-Akopian was only the first voice in a chorus of petitioners to the central tax office with this proposal in the final six weeks of the war. The head of the tax bureau in the Uzbek Republic pleaded that policymakers “take into account the unique heritage of the Uzbek SSR,” where “traditional lifestyles, formed over centuries,” included such activities as the keeping of small restaurants, tea houses, and inns; the preparation and sale of traditional foods; the manufacture of garments; and the weaving of mats—all currently illegal, and hence not subject to taxation.<sup>43</sup> The Belorussian commissar of finance argued that private individuals should be allowed to manufacture and sell all kinds of everyday wares, including prepared foods, on the grounds that “These manufactures and sales are extremely widespread, but because they are ‘prohibited,’ they remain completely untaxed.”<sup>44</sup> Similar arguments were advanced by financial officials from the Russian, Georgian, Kirghiz, and Turkmen republics.

Most of the petitioners were regional tax administrators, who faced a formidable challenge in spring 1945. As the war was drawing to a close, tax bureaus found it increasingly difficult to “mobilize the resources of the population.” No matter how many times local party leaders and financial departments “explained” the state’s continuing need for revenues, “all kinds of false rumors” were circulating about an imminent reduction in taxes. By mid-May, financial officials encountered mass refusals

42. *Ibid.*, II. 1–2.

43. RTsKhIDNI, f. 17, op. 121, d. 584, l. 64.

44. *Ibid.*, l. 67.

to pay the war tax and to subscribe to the fourth state war loan, due to the popular wisdom that these had been canceled at the end of the war.<sup>45</sup> At all levels of government, however, the need for revenues remained intense, between the continuing budgetary requirements of the armed forces and the enormous task of domestic reconstruction. Under these circumstances, it is not surprising that many financial bureaucrats placed the search for new revenues above ideological or political considerations. While tax administrators hoped to tap the resources of the private sector, planners promoted the expansion of high-priced “commercial” trade over subsidized rations, and ministry spokesmen pushed for maximal reparations from the Soviet occupation zone in Germany and Austria, without regard to political repercussions there.<sup>46</sup> The effort to legalize and tax private businesses was just one expression of the financial bureaucracy’s radical pragmatism in the postwar years.

On the other hand, proponents of legalization anticipated benefits beyond the mere accretion of state revenues. In 1945, as in 1921, the regular economy was shattered by war. Consumer goods production stood at 59 percent of its prewar level, an improvement over the previous three years but hardly sufficient to satisfy the population’s acute needs.<sup>47</sup> The head of the tax bureau in the Turkmen republic expressed the view of many when he cited the “altered economic conditions connected with the war” as grounds for shortening the list of forbidden enterprises.<sup>48</sup> Mar’iakhin, head of the department of taxes and fees of the central Commissariat of Finance, put the case more strongly in a report to the commissariat’s collegium in August: a policy of loosening the strictures against the private sector, he maintained, was dictated by the country’s vital interest in “stimulating the production of consumer goods in the postwar period.” Moreover, such a policy had “enormous significance” for another of the pressing social problems of the day, job placement for veterans.<sup>49</sup> Through a partial rehabilitation of private enterprise, unemployment would be alleviated, state revenues augmented, and consumer

45. In Kostroma province, two tax collectors had actually encouraged this attitude by returning the money they had already collected for the bond issue to subscribers. RGAE, f. 7733, op. 30, d. 19, ll. 70, 198; d. 20, l. 258 (transcript of Commissariat of Finance collegia, 1945).

46. On the politics of reparations, see Norman M. Naimark, *The Russians in Germany: A History of the Soviet Zone of Occupation, 1945–1949* (Cambridge, Mass., 1995), 173. I should note that the financial agencies had a history of promoting state revenues at the expense of socialist ideals. High-priced “commercial” stores were their brainchild in the early 1930s, as were the Torgsin hard-currency stores, which squeezed valuables from the population in exchange for basic foods. Still more notoriously, financial agencies successfully persuaded the government to end its prohibition on alcohol and to prioritize vodka production as an indispensable source of revenues (the vodka monopoly supplied one-fifth of state revenues in early 1930s; potatoes and grain were diverted to vodka production even during the 1933 famine).

47. Eugène Zaleski, *Stalinist Planning for Economic Growth, 1933–1952*, trans. Marie-Christine MacAndrew and John H. Moore (Chapel Hill, 1980), 579, 603.

48. RTsKhIDNI, f. 17, op. 121, d. 584, l. 66.

49. *Ibid.*, l. 70.

goods produced in greater numbers than was possible by existing manufacturing plants.

Mar'iakhin received the petitions cited above in March and April of 1945. Although it seems plausible that he solicited the opinions of the republican officials beforehand, we have no evidence to support this conjecture. What is clear from the memos is the fact that the possibility of legalizing private manufactures and market trade was discussed in meetings of tax agents in several republics before their chiefs wrote to the center. From the time he received the petitions, however, Mar'iakhin was unquestionably the driving force behind the movement for legalization. On 14 May, he hosted a meeting of senior bureaucrats at the commissariat on the juridical and tax status of private businesses. On the basis of a *précis* of the republican administrators' proposals that Mar'iakhin had prepared, this group recommended several major changes in the existing legislation on private businesses:

3. Permit members of *artels*, working on the side, and also workers and employees engaged in artisanal manufactures in their spare time, to produce goods, not just on contract, as foreseen by the current Rules, but also for sale at the market.

5. Remove the following from the list of prohibited enterprises, and permit individual artisans:

a) to buy up (not receive gratis) and rework wool and woolen yarns, oil-producing seeds, leather, and sheepskin, and the raw materials for soap;

b) to produce from purchased materials clothes, linens, knitted goods, hats, leather shoes, notions, saddles and harnesses, and items made out of metal, not just on prior individual orders from the population, as foreseen by the current Rules, but also for sale at the market;

c) to prepare foods, excluding alcoholic beverages, from purchased raw materials.

6. Remove from the list of prohibited enterprises the keeping of bathhouses and inns, and also the rental of weights at bazaars.<sup>50</sup>

If adopted as policy, these provisions would have erased many of the legal distinctions between cooperatives and privateers, by allowing the latter to produce previously forbidden goods. Further, they would have enabled individuals to manufacture goods on the basis of projected, rather than proven, consumer demand; displaced supplies for consumer-goods production from the planned economy to the free market; and narrowed the application of the law against speculation by permitting sales at market prices. Finally, articles 5c and 6 would have revived the private restaurants, cafes, bathhouses, and inns that had sustained Russian nightlife up to 1929. While hardly a wholesale emancipation of private enterprise, the resolution did call for a substantial liberalization of Soviet economic life.

Between 1945 and 1948, Mar'iakhin made it his mission to press for

50. *Ibid.*, I. 69.

these changes in the laws governing private businesses. Encouraged by the response at the meeting, he composed a draft of a decree to put before the Council of Ministers, and circulated his proposal at the Commissariat of Finance's collegium in August. He enlisted his boss, Deputy Minister Uriupin, to agitate on behalf of the changes; and he brought up the subject at every opportunity at bureaucratic meetings for nearly three years. However, it is important to note that he was not working alone. Not only did Uriupin sign onto his program, Mar'iakhin's proposal was extremely popular with lower officials in the financial bureaucracy. After a year of "popularization" in the form of periodic memos from the central tax office, financial cadres overwhelmingly approved the changes at the All-Russian Conference of Financial Officers in August 1946. The sentiment of these people echoed the petitions of the republican tax chiefs: private manufactures and sales were a mass phenomenon; they had certain benefits; they were not being prosecuted; so they surely ought to be taxed.<sup>51</sup>

A striking feature of this episode is the readiness of the reformers to forgo authorization from above. While Mar'iakhin's proposals languished without formal approval from the commissariat's collegium, he and Uriupin forged ahead with their plans. In January 1946, they sent out a circular to all republican, provincial, municipal, and rural financial departments directing officials to revise their procedures *in anticipation* of changes in the law. Henceforth, the circular instructed, profits from private (illegal) manufactures and (speculative) market trade should be treated as taxable income.<sup>52</sup> Subsequent instructions, issued in October 1946 and March 1947, elaborated that not only should these privateers have to pay income tax on their earnings, they should even have to pay for estimated income in advance.<sup>53</sup> In essence, the instructions modified paragraph 20 of the Rules for the Registration of Manufactures and Trades, which had called for confiscation, not taxation, of property accruing from prohibited businesses.

What the instructions did *not* do was to annul tax collectors' obligation to hand over privateers to the procuracy. Although Mar'iakhin and Uriupin advocated legalization, the conclusion of each of the circulars piously enjoined local agents to remember that the legal status of private businesses remained unchanged. These injunctions, however, were principally honored in the breach. In the Kirov district of Tbilisi, for example, financial agents failed to press criminal charges against any of the thirty-one privateers assessed for a total of 75,000 rubles in income taxes; while in the Kirov district of Tashkent, even fabulously wealthy privateers, like four ice-cream manufacturers who paid nearly 300,000 rubles in taxes at a 30 percent rate, avoided criminal prosecution for their illegal trades.<sup>54</sup> Procurators, for their part, were hardly eager to initiate

51. *Ibid.*, ll. 70–71.

52. *Ibid.*, l. 72.

53. *Ibid.*, ll. 73–74.

54. *Ibid.*, ll. 14–15.

criminal proceedings against such figures on their own; according to investigators, procurators constantly cited the fact that the privateers were being taxed as a justification to ignore their violations of the law.<sup>55</sup> Under these circumstances, the governmental watchdog agency seized upon the tax collectors' instructions as evidence that Mar'iakhin and Uriupin had "gone behind the back of the Government" to effect a "radical change in policy toward the privateer."<sup>56</sup> As Lev Z. Mekhlis, minister of state control, wrote to Stalin in a venomous denunciation of their activities, "Uriupin and Mar'iakhin effectively legalized private businesses by making the income from them an official object of taxation."<sup>57</sup>

The tax office's program attracted scrutiny in the fall of 1947. On 11 November, Mar'iakhin was called in to the Ministry of State Control for questioning. Still confident, he defended his position with vigor; rather than retreating from his program, he tried to win Mekhlis's support.<sup>58</sup> The moment was inauspicious, however. According to historian Elena Zubkova, precisely in 1947, economic violations became Mekhlis's vehicle for a power ploy against the MVD and MGB.<sup>59</sup> At a time when Lavrentii Beria was sending weekly, if not daily, reports to Stalin on the fight against speculators, counterfeiters, hard currency traders, and other economic criminals,<sup>60</sup> Mekhlis could not pass up an opportunity like the tax officials' case. Mar'iakhin's statements under interrogation became so much ammunition for Mekhlis's cause. When Mar'iakhin used the unfortunate phrase, "individuals, working in banned artisanal enterprises of a laboring character" (*litsa, zanimaiushchiesia trudovymi zapreshchennymi kustarnymi promyslami*), presumably to distinguish them from commercial establishments, Mekhlis sneered that "Mar'iakhin has come up with a new understanding of the privateer."<sup>61</sup> Mar'iakhin's assertion that "the mass pursuit of prohibited enterprises was provoked by the wartime and post-war economic conjuncture (the shortage of consumer goods)" became, in Mekhlis's hands, evidence that "the proposal to legalize the privateer was motivated by the fact that the privateer is becoming stronger."<sup>62</sup> The result of the interrogation was a lengthy report to Stalin on 25 Novem-

55. *Ibid.*, I. 75.

56. *Ibid.*, I. 70.

57. *Ibid.*, I. 72.

58. For long quotations from the interrogation, see *ibid.*, II. 69–73.

59. Zubkova, *Obshchestvo i reformy*, 55. Zubkova reports that Mekhlis tried unsuccessfully to obtain jurisdiction for the Ministry of State Control over all economic violations and also to gain the right to send cases directly to court without going through the procuracy.

60. GA RF, f. R-9401 s/ch., op. 2, dd. 168–71 (Stalin's *osobaia papka*). Whereas in 1944–46, topics relating to the deportation of nationalities, Ukrainian nationalists, and foreign and military policy formed the bulk of Stalin's *osobaia papka* from the NKVD, the preeminent topic in 1947–48 was violations in trade, speculation, and other economic crimes. It would be interesting to know whether Beria or Stalin decided the content of the special files, and on what grounds. Stalin was obviously concerned about the issue, as we know from his sponsorship of the new crime laws of 4 June 1947.

61. RTsKhIDNI, f. 17, op. 121, d. 584, I. 72 (emphasis in the original).

62. *Ibid.*, II. 67, 69.

ber entitled “On the serious distortions of policy toward the privateer countenanced by the USSR Ministry of Finance.”<sup>63</sup>

Given the general hardening of Stalinist politics in 1947–48, Mekhlis’s 25 November report could hardly fail to transform the stakes of the case. For Mar’iakhin, the issue was no longer whether his program would be adopted, but whether he could keep his job—and his liberty and his life. Mar’iakhin’s response to the accusations, dated 5 January 1948, reflected this transformed political landscape. No longer concerned with legalization, he tried instead to prove that taxation was a valuable weapon in the fight against crime. While admitting that his methods involved “a certain formal nonobservance of the legal side” of the struggle, he maintained that their proof was in the pudding: in one region after another, when privateers had been taxed for illegal enterprises, they had abandoned their pursuits.<sup>64</sup> Mar’iakhin also distanced himself from the suggestions of republican tax chiefs to legalize “speculation”—simple buying and reselling at the market—along with private enterprises of a “laboring” type. This, however, was a moot point. In 1945, with an eye to the daily fees to be collected from private traders, the Moscow city government had petitioned to relegalize sales of new, purchased consumer goods at the city’s markets, and in 1946, the Supreme Soviet had ruled in favor of their suit.<sup>65</sup> By the time of the attack on Mar’iakhin, informal trade was once again regulated by local ordinance, within a horizon of legality delimited by the concept of speculation, for “systematic” or excessively large-scale trade, and by Stalin’s revived law of 4 June 1947 against theft of public property.

In retrospect, it seems inevitable that the outcome of Mar’iakhin’s efforts should have been a purge. Indeed, the surprising fact is that he and his colleagues held on as long as they did. It took Mekhlis two long exposés and half a year to engineer a purge of the tax administration, and even then it is unclear how many people lost their jobs. When the ax finally fell on 14 April 1948, Mar’iakhin was fired and given a “stern reprimand”; I have been unable to determine what became of him in the wake of this decree. Uriupin also received a rebuke.<sup>66</sup> As for republican petitioners like Ervin-Akopian, I have found no information whatsoever about their fate.

The Mar’iakhin episode was not without forerunners; in a way, this incident throws the cycles of the Soviet economy into relief. In relation to the market, it highlights a suggestive repetition of policies and trends

63. *Ibid.*, ll. 62–75. A reminder: “People’s Commissariats” became “Ministries” in 1946.

64. Mar’iakhin’s self-exoneration, sent to the Cadres Administration of the Central Committee, appears on ll. 77–84 of *ibid.* He included a table of the number of illegal privateers in seven regions before and after the application of taxes, with the specious claim that all of them had ceased their operations. See *ibid.*, l. 82.

65. Tsentral’nyi munitsipal’nyi arkhiv Moskvy, f. 46, op. 1, d. 8, l. 1.

66. Gosudarstvennyi arkhiv Kurskoi oblasti, f. R-4850, op. 1, d. 253, ll. 1–3 (copy of Soviet Ministrov decree).

at three different periods: 1914–22, 1929–33, 1939–47. If we accept the argument, which a number of scholars have promoted, that collectivization represented a kind of war in the countryside, each of these periods witnessed a protracted war, combined with an acute economic crisis.<sup>67</sup> In each case, the official response to the latter was to institute maximal state control over all aspects of production and distribution, and in each case this elicited a thriving black market. In each case, as the war was drawing to a close, the economic crisis looked ever more intense; and with the threat of famine—the Soviet Union’s three peacetime famines being at the end of each of these periods, 1921–22, 1932–33, and 1946–47—the Soviet establishment itself spawned a movement toward a kind of “perestroika,” involving, among other things, a limited rehabilitation of private enterprise.

What distinguished the mid-1940s reform from its 1921 and 1932 predecessors, and what doomed it to failure, was the position of its proponents. After twenty years of “revisionism,” it scarcely needs repeating that mid-level bureaucrats did exercise initiative in Stalin’s regime. To focus exclusively on the endpoint of their endeavors—the fact that ultimately, most independent initiatives were crushed—is to miss a crucial quality of Stalinism. During the chronic crises of the Stalin era, the Soviet polity demanded not cautious obedience so much as constant improvisation from its “leading cadres.”<sup>68</sup> In this episode, however, the improvisers were not factory managers or provincial party leaders, the traditional “line officers” of communism, but what can only be called senior functionaries in a bureaucratic state.<sup>69</sup> Their attempt to rewrite the laws on private businesses reflected their bureaucratic blinders. Fixated on the mission of

67. The war interpretation of collectivization is now commonplace. Diverse elaborations include Moshe Lewin, “‘Taking Grain’: Soviet Policies of Agricultural Procurements before the War,” *The Making of the Soviet System: Essays in the Social History of Interwar Russia* (New York, 1985), 142–77; Adam Ulam, *Stalin: The Man and His Era* (New York, 1973); and more recently, Andrea Graziosi, *The Great Soviet Peasant War: Bolsheviks and Peasants, 1917–33* (Cambridge, Mass., 1996); Lynne Viola, *Peasant Rebels under Stalin: Collectivization and the Culture of Peasant Resistance* (New York, 1996).

68. The revisionists were not, in fact, the first students of Stalinism to make this point. Important works stressing improvisation by provincial officials include Joseph S. Berliner, *Factory and Manager in the USSR* (Cambridge, Mass., 1957); Merle Fainsod, *Smolensk under Soviet Rule* (Cambridge, Mass., 1958); Sheila Fitzpatrick, “Stalin and the Making of a New Elite,” and “Cultural Revolution as Class War,” both reprinted in *The Cultural Front: Power and Culture in Revolutionary Russia* (Ithaca, 1992), 115–48 and 149–82, and Fitzpatrick, *Education and Social Mobility in the Soviet Union, 1921–1934* (Cambridge, Eng., 1979); Roberta T. Manning, “Government in the Soviet Countryside in the Stalinist Thirties: The Case of Belyi Raion in 1937,” *Carl Beck Papers*, no. 301 (1984). While the opening of the Soviet archives has tended to underline the extraordinary centralization of decision making under Stalin, it has simultaneously reinforced revisionists’ claim that local party leaders were far from mechanical executors of the center’s will. See, for example, the active role of provincial party leaders in inflating the number of executions in 1937–38, as discussed in O. V. Khlevniuk, *Politbiuro: Mekhanizmy politicheskoi vlasti v 1930e gody* (Moscow, 1996).

69. I take the term *line officers* from George L. Yaney’s stimulating discussion of the structure and dynamics of the Russian bureaucracy, *The Urge to Mobilize: Agrarian Reform in Russia, 1861–1930* (Urbana, 1982), esp. 54–57.

the Ministry of Finance, the tax officials applied themselves to the task of securing state revenues without questioning the broader implications of their approach. Taxes, for them, were apolitical; the denial of politics was what led them to instigate reforms.

Pragmatic in their inspiration, the reforms sponsored by the tax officials were nonetheless radical; that Mar'iaxhin could overlook this fact is a testimony to the unique conjuncture of the immediate postwar years. During the terror of the 1930s, it would have been unthinkable for bureaucrats to ignore the political implications of an unauthorized legalization of private businesses. Despite the failure of the tax collectors' "perestroika," this episode thus manifests the possibilities as well as the limits of Stalinist politics in the postwar years.

The story of the postwar revival of private enterprise does not end, however, with the promulgation of the April 1948 decree. The tax officials, after all, were hardly the source of the private economy; their proposals developed in reaction to the reality of private businesses and market trade. With the central government's sanction of petty hawking in 1946 and the reestablishment of severe punishments for theft of public property the following year, the regime reasserted the prewar bounds of informal buying and selling. Even in this area, however, a return to normalcy, that is, to prewar levels of private market activity, remained a few years away. Until shortages finally abated in 1949–50, market vending remained a universal occupation and an essential channel for the acquisition of food and consumer goods. The crises of 1946–47 actually fuelled an expansion of the private economy: markets of Moscow and other cities were inundated with peasants fleeing from famine-stricken provinces, while some twenty-eight million workers lost their rations and were thrown entirely onto the free market for food.<sup>70</sup>

Soviet markets reached their zenith in connection with the monetary reform of December 1947. Broadcast together with the curtailment of the rationing system, the monetary reform required citizens to trade in old rubles for new rubles over the course of the next week. The differential rates of exchange were aimed at confiscating savings from anyone who might have prospered from the war: the first 3,000 rubles in state savings accounts would be exchanged on a one-to-one basis; pre-1947 state bonds would be denominated at one new ruble to three old rubles; and all other savings or cash would be subject to a one-to-ten exchange rate. Wages would remain the same, though paid in new rubles.<sup>71</sup> The popular response to this announcement was to rush madly to the bazaar. In

70. Tsentral'nyi munitsipal'nyi arkhiv Moskv, f. 1889, op. 1, d. 668, 670, 767, and others (Kiev raion people's court cases); f. 46, op. 1, d. 8; RGAE, f. 7971, op. 16 s/ch, d. 472, ll. 126–27, 157–73 (Ministry of Trade, 1948 correspondence with trade inspection); op. 5, d. 65 (whole file reviews Soviet markets in 1948–49). On the 1946–47 famine, see B. F. Zima, "Golod v Rossii 1946–1947 godov," *Otechestvennaia istoriia*, 1993, no. 1 (January–February): 35–52.

71. *Pravda* (or any other newspaper), 15 December 1947.

the words of an older Muscovite, *tout le monde* spent the evening of 15 December at the market so as to exchange old rubles for commodities before their money lost its value. To meet this demand, goods appeared at the market as never before—with prices as never before, even during the worst period of the war. Among those I interviewed, one woman's family bought a cow, two pigs, and a beautiful gold pocket watch during the week of 16 to 22 December; another subject bought a bookshelf full of prerevolutionary books.<sup>72</sup> Although extreme shortages were not yet over—many regions experienced food crises throughout 1948—this free-for-all marked a turning point after which private market activity gradually ebbed back to prewar levels.<sup>73</sup>

The novelty in postwar private trade was the emergence of new venues to rival or complement the market. A bizarre, though perhaps atypical, development occurred in Moscow: in the late 1940s and early 1950s, the capital's flagship store became a hub of black-market trade. Private vendors flooded the Central Department Store (TsUM) to the point where it "more closely resemble[d] a bazaar than a model department store."<sup>74</sup> According to store managers, privateers came to the same department each day with a suitcase full of goods: shoe sellers to the shoe department, dish sellers to the china department, and so forth. If the wares were too bulky to bring into the store, as in the case of furniture, private traders loitered by the counter; whenever someone wanted to buy a piece of furniture, three or four of them would descend on the customer with offers of the same item for a discount.<sup>75</sup> Hawkers congregated primarily in departments selling scarce goods (woolen cloth, ready-to-wear clothing, shoes, and knitted wear); near the freight elevators (a source of information about goods in stock); and in the shadows of the women's restrooms (where they were unlikely to be observed).<sup>76</sup> Most sold the same wares advertised in the given department, at a steep discount. Others sold related things of their own manufacture, often for high prices: homemade food in the grocery department, hand-knitted sweaters in the children's clothing department, homemade leather jackets in the coat department.<sup>77</sup> One manager claimed that only a perma-

72. Galina Petrovna (March 1993) and Aleksandr L'vovich (September 1993). Zubkova also has an interesting discussion of popular reactions to the monetary reform in *Obshchestvo i reformy*, 44–48.

73. This can be traced through an archival file on Soviet markets in 1948–49: RGAE, f. 7971 (Ministry of Trade), op. 5, d. 65. See also Zaleski's table on cost of living in Moscow in *Stalinist Planning*, 460.

74. Tsentral'nyi munitsipal'nyi arkhiv Moskvyy, f. 1953, op. 2, d. 73, l. 16 (TsUM managers' meeting, January 1947).

75. *Ibid.*, ll. 16, 25.

76. *Ibid.*, l. 45 (12 April 1947 managers' meeting); op. 2, d. 153, ll. 31–34 (22 August 1953). I was unable to find out more information on the gender composition of TsUM traders, which the specific reference to women's restrooms raises. At Moscow markets, women were slightly overrepresented among vendors, at least in 1944. Tsentral'nyi munitsipal'nyi arkhiv Moskvyy, f. 46, op. 1, d. 8, ll. 110–12.

77. Tsentral'nyi munitsipal'nyi arkhiv Moskvyy, f. 1889, op. 1, dd. 2118, 2371, and 1910 (Kiev ward people's court cases).

ment force of between eighty and one hundred plainclothes policemen could deter private trade in the store.<sup>78</sup>

Sales of privately manufactured items at TsUM bring us to the more intriguing side of the private sector in the immediate postwar years. The 14 April 1948 decree addressed the fate of private manufactures and other relatively formal private enterprises. As Ervin-Akopian had indicated in his memo back in 1945, these most often operated under the aegis of a cooperative. Besides disciplining the tax administration, the 14 April decree—entitled “on the penetration of privateers into cooperatives and local industry”—called for a systematic review of cooperative organizations. The coupling of anomalies in the cooperative sector and the errant policies of the tax officials can be attributed to Mekhlis, whose second report to Stalin on the privateer theme called for a simultaneous purge.<sup>79</sup> In the cooperative sector, a purge was in fact already underway. According to a post hoc memorandum, provincial inspectors first sounded the alarm in early 1947 and reported with increasing insistence over the course of that year that the “private-entrepreneurial spirit” had infected a “significant number” of the country’s manufacturing and invalids’ cooperatives. By February 1948, when Mekhlis grafted his crusade against Mar’iakhin onto this campaign, the Council of Ministers’ cooperative administration (Glavnoe upravlenie po delam promyslovoi i potrebitel’skoi kooperatsii pri SM SSSR) had issued a series of executive orders condemning “private-entrepreneurial activity” in the cooperative milieu.<sup>80</sup> Each of these orders, and above all the 14 April decree, prompted a new set of investigations; local records from these investigations afford a glimpse at the practices of the cooperative sector in the postwar Stalin period. In Kursk and Riazan’ oblasts, where I was able to trace the investigation and purge, central officials were undeniably correct in their allegations that “privateers” had “penetrated” into cooperatives. If evidence from these provinces is representative, however, the cooperatives’ ranks seemed strangely unwilling to see the “private-entrepreneurial elements” purged.

Besides sales at the market, two categories of private enterprise emerge from the available documents: private manufactures of consumer goods, construction materials, and other everyday items; and businesses in the service sector, such as restaurants, inns, barbershops, or photography studios. In both cases, a cooperative typically provided the cover for private profits, either by farming out businesses for which it had obtained a patent or by failing to exclude members who, as Ervin-Akopian had remarked, “set aside their cooperative work and took their business underground.” The two categories of postwar business differed signifi-

78. Tsentral’nyi munitsipal’nyi arkhiv Moskv, f. 1953, op. 2, d. 73, l. 45.

79. This report, apparently written in February 1948, appears in RTsKhIDNI, f. 17, op. 121, d. 584, ll. 6–16.

80. RGAE, f. 8090 s.ch., op. 2, d. 1, ll. 131–33 (22 March 1950 Tsentropromsovet report on purge to Sovet Ministrov Presidium) lists *prikazy* of 2 September, 18 September, 4 October, and 15 October 1947 on the fight against privateers.

cantly, however, in their relation to the Stalinist economy of the 1930s. In the case of manufactures, whether they took place inside or outside the cooperative structure, postwar private manufactures represented the continuation and expansion of prewar practices. Unlike the postwar settlement on market trade, then, the 1948 crackdown on the “private-entrepreneurial spirit” in manufactures marked a break with prewar policy: what Mekhlis and the central cooperative administration really sought was to bring under control, at long last, the hitherto loosely organized manufacturing cooperatives, as well as to eliminate altogether independent artisans and tradesmen. By contrast, private service-sector businesses had no antecedents in the period from 1930 until around 1945. With regard to this new phenomenon, the 1948 purge meant a re-assertion of the traditional bounds of the Stalinist economy, regardless of the latter’s inability to provide the services on its own.

According to the legislation of April 1948, private manufactures took place within cooperatives in the following manner:

As a result of political blindness, and at times also of ingrown ties [*srashchivanie*] between the leaders of cooperative organizations and privateers, speculators and conmen [*del'tsy-spekulianty*] have entered cooperatives with their own manufacturing equipment and substantial monetary resources, transforming the artels of manufacturing and invalids’ cooperatives into pseudo-artels. These resources and equipment have been illegally registered by the artels as “long-term special investments” from the privateers, in whose hands they have remained. In this manner, in violation of the Soviet Constitution, private ownership of the means of production has been countenanced by many cooperative organizations.<sup>81</sup>

The language of this paragraph served to focus investigations on so-called at-homers (*nadomniki*), cooperative members who manufactured their products in the privacy of their own homes. In the provinces of Kursk and Riazan’, manufacturing cooperatives included in their membership a considerable number of such outworkers—an indication of the low level of mechanization in cooperatives at this time. At least as regards Kursk, the decree was correct in its allegation that this was a relatively recent phenomenon. The senior inspector sent out by the Council of Ministers characterized outworkers as long-time individual tradesmen who had only recently decided to join cooperatives. Moreover, the investigation revealed that nearly all of them supplied their own equipment, and most used this equipment for private production and sales.<sup>82</sup>

81. Gosudarstvennyi arkhiv Kurskoi oblasti, f. R-4850, op. 1, d. 253, l. 1 (Soviet Ministrov coop administration 17 April 1948 *prikaz* based on 14 April Soviet Ministrov *postanovlenie*, file includes legislation relating to the 14 April decree as well as to the investigation of Oblstrompromsoiuz).

82. See especially the report in Gosudarstvennyi arkhiv Kurskoi oblasti, f. R-4850, op. 1, d. 7, ll. 207–8. Incidentally, Mar’iakhin also provided data supporting the hypotheses that many independent artisans joined cooperatives in the year or two following the

Certain kinds of production were particularly amenable to home manufacture. Not surprisingly, weaving appeared first on Riazan' inspectors' lists. As of summer 1948, private manufactures of sarpinki still dominated the Bel'kovskii area's economy; members of cooperatives, like collective-farm peasants, devoted most of their energy to this pursuit.<sup>83</sup> In Kursk, outworkers manufactured all of the goods that independent artisans were prohibited from producing according to the 1936 Rules: clothes, hats, leather shoes, and felt boots; knitted socks, mittens, and underwear; sausages, candy, and other food products; soap, baskets, barrels, and harnesses; bricks and construction materials. One man, hired by the L'govsk consumer cooperative as a "construction technician," made wooden and upholstered furniture for private as well as cooperative sales.<sup>84</sup> Clothing, felt boots, and candy were the three most common products of outwork. Nearly all home manufactures were labor-intensive and required some skill, very often provided by members of a nuclear family. With a few exceptions, notably a tailor who possessed nine specialized sewing machines, almost none involved more than one or two basic pieces of equipment.

Outworkers were loosely integrated into the cooperative organization via production quotas or contracts. As a member of the cooperative, a home manufacturer was obliged to produce a certain number of units each month for sale through the cooperative store. As the investigation revealed, however, many outworkers ignored their delivery obligations and sold their products for higher prices on their own. Soapmakers from the "Budennyi" artel took their soap to out-of-town markets rather than adhering to the cooperative agreement; hatmakers connected to "New Way" delivered only 250 rubles' worth of hats to the cooperative, but earned 10,000 rubles a month by fulfilling private orders on the side; cobblers from the "Stalin" artel failed to deliver a single shoe to the cooperative until threatened with the confiscation of their sewing machines; and so forth.<sup>85</sup> Confectioners and sausage-makers were affiliated with their cooperatives in a still looser fashion, typically through contracts whereby the cooperative would illegally agree to pay close to market prices for the right to sell the bulk of their products, while the producers sold the remainder at the bazaar.<sup>86</sup> Despite their continuing involvement with the

---

war, when he cited—alongside the statements on the increase in private entrepreneurial behavior—a 39 percent drop in the number of registered independent artisans and tradesmen between 1940 and 1947. RTsKhIDNI, f. 17, op. 121, d. 584, l. 77.

83. Gosudarstvennyi arkhiv Riazanskoi oblasti (otdel Kommunisticheskoi Partii [Riazan' party archive]), f. 3, op. 3, d. 613, l. 103 (1948 obkom correspondence on cooperatives).

84. Gosudarstvennyi arkhiv Kurskoi oblasti, f. R-4850, op. 1, d. 218, ll. 37–49; d. 253, ll. 18–38; d. 263, ll. 38–39; f. 3761, op. 1, d. 7, ll. 207–8, 272–74; d. 20, ll. 198–203 (reports on privateer penetration from various local cooperatives); Gosudarstvennyi arkhiv Riazanskoi oblasti (Riazan' party archive), f. 3, op. 3, d. 613, ll. 107–16.

85. Gosudarstvennyi arkhiv Kurskoi oblasti, f. 3761, op. 1, d. 7, l. 208; d. 20, ll. 198–203.

86. *Ibid.*

market economy, privateers and former privateers were given an official standing in artisanal cooperatives. Frequently named heads of workshops or supervisors, they were allowed to direct production by hired hands in their own homes. Several were even given the use of an apartment free of charge.<sup>87</sup> In this respect and others, the 14 April decree's reference to "ingrown ties" resulting in high-level protection of privateers was right on the mark.

Local elites often patronized talented privateers. As an example, nearly all of the Kursk *nomenklatura* bought clothes from a member of the "Krupskaia" sewing cooperative, N. I. Konorev, who essentially worked as a private tailor. As the director of the local grain collection agency testified, "N. I. Konorev and his daughter do it more cheaply and better at home." A frustrated inspector fretted over the cooperative's inefficient use of manpower: "'Konorev and Co.' are inundated with work at home, while the artel's sewing workshop has nothing to do." Konorev, however, categorically refused the inspector's order that he "socialize" his sewing machine and move his work to the cooperative space. Like artisanal workers elsewhere who resisted the labor intensification methods of industrialization, Konorev insisted on retaining control over the work process: "Even if you put me in prison for ten years, I won't give up my machine, I won't teach at the technicum, and I *won't* work in the artel!" In the end, Konorev carried the day. Unable to persuade him to abandon his home business, the inspector put a motion to strip him of cooperative membership before the cooperative's general assembly. Soviet cooperative members, however, had their own views on such matters. Rather than expel home manufacturers who failed to fulfill their production quotas, many cooperatives chose to retain them; the cooperatives completed their overall plans through accumulated instances of partial fulfillment.<sup>88</sup> In this instance, Konorev's colleagues had even stronger motives for asserting their independence and refusing to exclude him at the meeting. As the inspector was forced to report to her supervisor, working-class resentment played a role: "the members of the artel stated that the wives of local executives [*otvetstvennykh rabotnikov*] all have sewing machines and sew on the side, and the financial department takes no measures against them."<sup>89</sup>

In Riazan' and other regions, the "most common form of privateer penetration" was a type of franchise or concession. A cooperative—consumer, producer, or invalids'—would obtain a patent from the state to run a certain kind of business. Rather than opening the business itself, the cooperative would farm it out to an interested privateer. By June 1948, when two-thirds of Riazan's cooperatives had been inspected, cooperative patents were found to be shielding eighty-four private busi-

87. *Ibid.*; Gosudarstvennyi arkhiv Riazanskoi oblasti (Riazan' party archive), f. 3, op. 3, d. 613, ll. 106–16.

88. Gosudarstvennyi arkhiv Riazanskoi oblasti (Riazan' party archive), f. 3, op. 3, d. 613, ll. 106–8.

89. Gosudarstvennyi arkhiv Kurskoi oblasti, f. R-4850, op. 1, d. 253, ll. 33–38.

nesses, while another eighty-five functioned without any patent. Privateers paid the cooperative a fixed monthly fee for the right to operate the specified business under its aegis. This usually included rent but occasionally did not. In every other respect, the privateer ran the business independently: he or she supplied equipment and raw materials; personally provided the product or service or hired enough helpers to do so; priced labor at will; and pocketed all proceeds beyond the predetermined fee. Popular businesses for concessions included photography, portraiture, rag collection, watchmaking, barbershops, restaurants, billiard halls, and repair shops of all kinds. Some privateers opened up regular stores under the cooperative umbrella. For the privateers, affiliation with a cooperative offered some shelter against harassment from financial agents or the police. For cooperatives, the concessions served the dual ends of bringing in a steady income and providing services that members desired.<sup>90</sup>

Fast-food stands and cafeterias were a particularly widespread and lucrative concession. Mekhlis's second report describes numerous examples, particularly in eastern republics. In Georgia, privateer Kal'diashvili grossed 106,000 rubles a month in 1947 from a bar and snack shop, after paying 13,000 rubles each month to the sponsoring artel.<sup>91</sup> Teahouses run by private citizens sprouted up throughout Central Asia and Kazakhstan; million-ruble fortunes were made from ice cream, nougat, and fried fish.<sup>92</sup> Again, despite their affiliation with a cooperative, these shops must be considered private enterprises. Owners made an initial capital investment in cooking equipment, flatware, and dishes, and if they had not received a separate space from the cooperative, they spent time and money remodeling their homes. After opening, they bought groceries at the bazaar, employed hired labor, and prepared and served customers' food. The success of their enterprise rose and fell with customer demand. Given the paucity of palatable alternatives in the postwar years, private eateries flourished until forced to close shop.

Though pressures to integrate and supervise "at-homers" were only partly successful in the late 1940s, the campaign against "privateers" and the "private-entrepreneurial spirit" eventually eradicated concessions of this kind. During the 1948 purge, inspectors from the Council of Ministers' cooperative administration revoked patents for extraneous businesses, arrested private proprietors, and fined, fired, or arrested the cooperative administrators who had authorized the concession. A total of 10,380 patented private concessions were shut down, along with another 14,807 businesses functioning without a patent and 271 "pseudoartels."

90. Gosudarstvennyi arkhiv Riazanskoi oblasti (Riazan' party archive), f. 3, op. 3, d. 613, ll. 103-6; also, Gosudarstvennyi arkhiv Kurskoi oblasti, f. 4850, op. 1, d. 253, ll. 18-38; d. 263, l. 38; f. 3761, op. 1, d. 7, ll. 207-8; d. 20, ll. 198-203; f. 4910, op. 1, d. 35, ll. 1-5.

91. RTsKhIDNI, f. 17, op. 121, d. 584, l. 11.

92. Ibid., 11-16; V. Navozov, "Ochistit' potrebitel'skuiu kooperatsiiu ot chastnikov i spekuliantov," *Pravda Vostoka*, 4 June 1948. Ice cream was also quite lucrative in Kursk; see Gosudarstvennyi arkhiv Kurskoi oblasti, f. 3761, d. 20, l. 200.

For their involvement in these businesses, 2,880 “middlemen-speculators,” 12,067 “privateer-speculators,” and 3,860 cooperative administrators were sentenced to prison camp. A further 5,430 cooperative administrators lost their jobs for “failing to take measures to fight privateer penetration.”<sup>93</sup> For at least the next several years, local inspectors probed cooperatives every six months for any revival of these practices; again, they arrested or fined any violators and sent a stack of paperwork to the Ministry of State Control. In Riazan’ and Kursk, such scrutiny appears to have been effective; by mid-1949, private service-sector concessions had dwindled to a few cases. Notably, in almost no instance were the privateers replaced with state or cooperative services; their thriving cafes, billiard halls, and barbershops were simply shut down.<sup>94</sup>

How significant was the postwar private sector? Published, though problematic, statistics suggest that legal market sales dropped from 46 percent to 34 percent of retail trade in the three years after the war.<sup>95</sup> We also know, based on the purge information provided by the cooperative administration, that approximately 4.5 percent of cooperatives were sheltering some kind of private concession in 1948.<sup>96</sup> Otherwise, the role of private enterprise in the postwar Soviet economy is impossible to ascertain. In keeping with the norms of Soviet reports on wrongdoings, both local and central authorities relied on anecdotes to prove “penetration” by privateers. Rather than providing hard statistics, they interspersed tidbits of data and analysis with a wealth of so-called characteristic facts: in Riazan’ oblast, for example, there were 169 private service-sector concessions; in Stavropol’ krai, 27 of the 45 cooperative shops and kiosks reviewed in the preliminary investigation were operating as private businesses. How many people worked in these businesses, their earnings, and their representativeness, remain obscure.<sup>97</sup>

In all the documents I have seen on this subject, only one figure provides any clue whatsoever as to the economic dimensions of private manufactures and businesses: namely, a statement from the Uzbek minister of finance attesting that he had followed Mar’iakhin’s and Uriupin’s instructions and charged illegal privateers 20.7 million rubles in income taxes in 1947.<sup>98</sup> Assuming income tax rates of 30 percent (the rate given for one major privateer), this figure means that illegal businesses in Uzbekistan

93. RGAE, f. 8090 s.ch., op. 2, d. 1, ll. 129–45 (1950 report from Tsentropromsovet to Sovet Ministrov Presidium on the purge of cooperatives).

94. For example, Gosudarstvennyi arkhiv Riazanskoi oblasti (Riazan’ party archive), f. 3, op. 3, d. 613, ll. 106–16; Gosudarstvennyi arkhiv Kurskoi oblasti, f. R-4850, op. 1, d. 263, l. 1; d. 294, l. 2; f. 3761, d. 20, ll. 246–60.

95. Zaleski, *Stalinist Planning*, 449. Of course, retail trade was expanding very rapidly at this time, so that the relative decline does not necessarily mean an absolute decline.

96. RGAE, f. 8090 s.ch., op. 2, d. 1, ll. 131–33. The total number of cooperatives reviewed was 586,000; approximately 25,000 were found in violation.

97. RTsKhIDNI, f. 17, op. 121, d. 584, l. 12; Gosudarstvennyi arkhiv Riazanskoi oblasti (Riazan’ party archive), f. 3, op. 3, d. 613, l. 106.

98. *Ibid.*, l. 15.

earned nearly 70 million rubles in 1947, not counting those businesses that successfully remained underground. If these illegal businesses averaged 30 percent profits (an extraordinary rate, but not inconceivable during a period of extreme shortages), sales by assessed illegal businesses might have totalled 230 million. If an equal volume of private business eluded the tax collectors, this would still give us less than 500 million rubles in illegal intake—hardly an overwhelming figure against Uzbekistan's approximately 8 billion rubles in retail trade in the same year.<sup>99</sup>

One should not conclude from this exercise in extrapolation that illegal private enterprise was inconsequential in the postwar years, however. At the cultural level, percentages do not necessarily determine significance. Take the case of “cooperators” under Mikhail Gorbachev: it would have been difficult to locate a Soviet citizen without an opinion on “cooperators” in the late 1980s, despite their minuscule share of the Soviet gross national product (GNP).<sup>100</sup> Is it far-fetched to imagine that private-entrepreneurial “cooperators” might have had a similar resonance in the 1940s? In support of this hypothesis, I will cite two speculative examples. First was an incident in March 1947, when Moscow oblast was plastered with posters calling for demonstrations in the capital in favor of free trade, private property, the opening of borders, and “freedom.”<sup>101</sup> Such demands, I suspect, could not have occurred in a vacuum; it seems highly possible that they reflected a new spirit of initiative in the context of a looser economic regime. Second, Elena Zubkova makes a great deal of what were popularly known as “Blue Danubes”—little bars and cafes that suddenly appeared in Soviet cities in the year or so following the end of the war. World War II veterans have identified the “Blue Danubes” as a haven for free sociability among ex-servicemen, a refuge of soldierly values, and a crucial mediator for their cohort between the disparate experiences of war and peace.<sup>102</sup> Is it not likely that these nightspots, which disappeared a few years later, were run by postwar privateers?

In closing, I would like to suggest a final repercussion of the revival of private enterprise after World War II. In the *longue durée* of Soviet history, this episode enables us to reconstruct one of the missing links between the New Economic Policy and perestroika. Notably, this connection was made by at least one Soviet reporter in 1987. Discussing reasons for citizens' reluctance to leap into private businesses, a commentator for

99. I base the estimate of 8 billion rubles on data from two tables in *Sovetskaia torgovlia: Statisticheskii sbornik*, 20, 31. The first gives yearly totals for retail trade; the second gives the totals for Uzbekistan and other regions in 1940 and 1951, 1954, and 1955. Uzbekistan consistently accounted for 3 percent of total Soviet trade; an extrapolation would give 7.86 billion rubles in 1947.

100. Two students of the cooperative movement under Gorbachev estimate that cooperative goods and services accounted for 0.1 percent of GNP in 1987 and 1 percent in 1988. A major difference with the 1940s, of course, was that perestroika cooperatives were rapidly expanding; by the end of 1989 they had reached 4.3 percent. Anthony Jones and William Moskoff, *Ko-ops: The Rebirth of Entrepreneurship in the Soviet Union* (Bloomington, 1991), 18.

101. GA RF, f. R-9401 s/ch, op. 2, d. 169, ll. 55–56 (Stalin's *osobaia papka*).

102. Zubkova, *Obshchestvo i reformy*, 28–29.

*Izvestiia* wrote that “They apparently remember the fate of the ‘Nepmen.’ And they remember how afterwards—after the manufacturing cooperatives were done away with—some people found themselves a long way from home.”<sup>103</sup> The forms taken by private enterprise in the 1940s suggest that we ought to take seriously Gorbachev’s use of the term *cooperatives* and his characterization of the perestroika law on private enterprise as a revival of the manufacturing cooperatives of old. The November 1986 law on “individual laboring [*trudovoi*—the term that got Mar’iakhin into trouble] activity” went much further than the Stalin-era Rules for the Registration of Manufactures and Trades in that it allowed private individuals to provide consumer services and to manufacture nearly all consumer goods. This is to say, however, that it gave individuals the rights that cooperatives had enjoyed in the 1940s—which was not so far from Mar’iakhin’s proposed reform. Restaurants, hairdressing, clothing manufactures, and repair services were among the businesses specifically endorsed by the new law, and indeed—as in the late 1940s—they were its most numerous offspring in 1987–88.<sup>104</sup> Finally, though I should stress that this is just a hypothesis, the pattern of crisis and reforms in the first half of the century suggests that the key laws of 1986—the May law on the theft of public property, speculation, and bribery, and the November law on private enterprise—did not necessarily result from contradictory impulses. Like the miscellaneous reform initiatives of the postwar years, these laws recapitulated the 1932 revival of the market alongside new sanctions for speculation and the theft of public property. In this light, they might be viewed as an extension of the traditional package of limited economic reform.

103. *Izvestiia*, 3 October 1987, cited in Jones and Moskoff, *Ko-ops*, 10.

104. Jones and Moskoff, *Ko-ops*, 4–5, 20–21. Jones and Moskoff show that such small businesses, involving little start-up capital, declined relative to more heavily capitalized enterprises in the following few years.