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ECONOMIC RESEARCH AID

AVERAGE ANNUAL MONEY EARNINGS
OF WORKERS AND EMPLOYEES IN THE USSR
1928-65



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FOREWORD

This research aid is a revision of CIA/RR RA-30, Money Earnings in the USSR, 1928-60, 23 April 1958, FOR OFFICIAL USE ONLY. Although the revised estimates do not differ greatly from those presented in RA-30, the new estimates are believed to be more reliable. They are based on additional information made available during the past 2 years. The estimates for most of the years were derived from Soviet sources. For only a few years was it necessary to obtain estimates by interpolation.

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AVERAGE ANNUAL MONEY EARNINGS OF WORKERS AND EMPLOYEES IN THE USSR*
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I. Introduction

The purpose of this research aid is to present estimates of average annual money earnings of workers and employees** in the USSR during 1928-65 (see the table***). Most reliable are the estimates for 1928-40, 1945, 1947, and 1950-59, which have been reported in official Soviet publications as absolute amounts or as percentage increases above previously announced figures. Less confidence can be placed in the estimates for 1941-44, 1946, and 1948-49, which were calculated by interpolating between years for which data are available.

II. Growth of Average Money Earnings

Four periods may be distinguished in the growth of average money earnings in the USSR during 1928-58. During 1928-38, average money earnings increased rapidly, with annual increases ranging from 10 to 27 percent. During World War II and the immediate prewar period -- that is, from 1938 to 1945 -- money earnings rose at the more moderate rate of about 6 to 8 percent per year. The growth of average money earnings in the third period, 1946-47, reflects the results of a wage readjustment that took place in September 1946. The wage readjustment increased average money earnings in 1946 by 11 percent in comparison with 1945 and average money earnings in 1947 by 20 percent in comparison with 1946. During the fourth period, 1948-58, average money earnings increased only about 2 to 3 percent per year.

Average money earnings of workers and employees are expected to continue to rise at a moderate rate during 1959-65. The Seven Year Plan (1959-65) schedules an increase in average money earnings of 26 percent, or 3.4 percent per year. According to preliminary Soviet reports, however, average money earnings in 1959 rose only slightly more than 1 percent compared with 1958. The small size of the increase in this year probably resulted from a lag in the implementation of the wage and

* The estimates and conclusions contained in this research aid represent the best judgment of this Office as of 1 May 1960.

** The term workers and employees as defined by the USSR and as used in this research aid includes all persons employed in state enterprises, organizations, and institutions. Excluded are collective farmers, members of industrial cooperatives, and military personnel.

*** The table follows on p. 2.

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Table
 Amount, Increase, and Index
 of Average Annual Money Earnings of Workers and Employees
 in the USSR a/
 1928-59 and 1965 Plan

Year	Amount b/ (Current Rubles)	Percentage Increase Above the Preceding Year	Index b/		
			(1928 = 100)	(1940 = 100)	(1950 = 100)
1928	703		100		
1929	800	14	114		
1930	936	17	133		
1931	1,127	20	160		
1932	1,427	27	203		
1933	1,566	10	223		
1934	1,858	19	264		
1935	2,269	22	323		
1936	2,650	17	377		
1937	3,093	17	440		
1938	3,467	12	493		
1939	3,750	8	533		
1940	4,054	8	577	100	
1941	4,350	7	619	107	
1942	4,640	7	660	114	
1943	4,940	6	703	122	
1944	5,230	6	744	129	
1945	5,230	0	744	129	
1946	5,810	11	826	143	
1947	6,970	20	991	172	
1948	7,210	3	1,030	178	
1949	7,450	3	1,060	184	
1950	7,700	3	1,100	190	100
1951	7,840	2	1,120	193	102
1952	7,990	2	1,140	197	104
1953	8,150	2	1,160	201	106
1954	8,350	2	1,190	206	108
1955	8,590	3	1,220	212	112
1956	8,880	3	1,260	219	115
1957	9,160	3	1,300	226	119
1958	9,430	3	1,340	233	122
1959	9,550	1	1,360	236	124
1965 Plan	11,900 c/	d/	1,690	294	155

a. For a discussion of sources and methodology, see Appendix A.

b. All data for 1941-65 have been rounded to three significant digits. Current ruble values throughout this table may be converted to US dollars at the rate of exchange of 4 rubles to US \$1. This rate of exchange, however, does not necessarily reflect the dollar value.

c. This figure does not take into account the change in the value of the Soviet ruble scheduled to take place on 1 January 1961.

d. Planned increase of 26 percent compared with 1958.

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hour reform during 1959 and will have to be made up during 1960-65 if the goal of the Seven Year Plan is to be met. The announced Soviet intention to complete most of the wage and hour reform by the end of 1960 suggests that much of the lag in average money earnings may be overcome during 1960.

III. Soviet Method of Calculating Average Money Earnings

Average annual money earnings (srednyaya zarabotnaya plata) of workers and employees in the USSR are computed by dividing the annual wage fund (fond zarabotnoy platy) by the average annual number of registered workers.* The number of workers holding more than one job is deducted from the total number of workers before the calculations are made. Because the wage fund includes wages paid to casual workers and because the number of workers used as the divisor excludes such persons, the level of average money earnings is slightly overstated.

The total wage fund for all workers and employees is obtained by summing the wage funds of all state enterprises and institutions. It includes all amounts regularly deducted from the worker's pay, such as income taxes, repayments of loans made by the state or by the enterprise, and compensation for damages to state property. In addition to payments for time worked, such as wages, wage supplements, and premiums, other items included in the wage fund are payments for time not worked such as holiday and leave pay, payments for certain types of education and training, and the money cost to the enterprise of payments in kind such as housing and public utility services. A complete list of the payments regularly included in the wage fund is found in Appendix B.

Specifically excluded from the wage fund, and therefore from average earnings, are one-time bonuses the payment of which (1) is not provided for in the regular bonus system of the enterprise but (2) is provided for from special budget allocations. These exclusions include prizes won in "socialist competitions," payments for inventions and technical improvements, and bonuses paid from the director's fund. Also excluded from the wage fund are social insurance and pension payments, travel pay and allowances, and allowances for special clothing, protective devices, and other work supplies.

* Registered workers are those workers who are employed by an enterprise or an organization and whose labor books are held by the personnel office of the employer.

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APPENDIX A

METHODOLOGY

The method for deriving the estimates of average money earnings of workers and employees in the USSR during 1928-65 is presented below.

1. 1928-40

Average money earnings for the years 1928-40 were reported in official Soviet sources except for 1936 and 1939. ^{1/}* Estimates for 1936 and 1939 were made by geometric interpolation.

2. 1941-44

Average money earnings for 1941-44 were estimated by interpolating arithmetically between 1940 and 1945 on the assumption that there was no significant change in money earnings between 1944 and 1945. Arithmetic rather than geometric interpolation was employed on the assumption that the rate of growth in average annual money earnings was greatest during the early years of the war.

3. 1945-58

Average money earnings for 1945, 1947, 1950, and 1953-58 were estimated from percentage increases in comparison with 1940 reported in two articles by S. Figurnov. ^{2/} A few obvious typographical errors in these articles were corrected on the basis of information from other sources. ^{3/} An estimate of average money earnings in 1952 was made from the announcement on plan fulfillment that average money earnings in 1953 were 2 percent above those in 1952. ^{4/}

Average money earnings in 1946 were estimated by interpolating between 1945 and 1947. In making the interpolation it was assumed that the 33-percent increase in earnings experienced between 1945 and 1947 was solely the result of the wage readjustment in September 1946. The new higher rates, therefore, affected average earnings only in the last quarter.

Estimates of average money earnings in 1948 and 1949 were made by geometric interpolation between 1947 and 1950, and an estimate of average money earnings in 1951 was similarly obtained from 1950 and 1952 data.

* For serially numbered source references, see Appendix C.

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4. 1959-65

The estimate of average money earnings in 1959 is based on a preliminary report received in September 1959 which stated that money earnings in 1959 were 24 percent above the level in 1950. 5/

Planned average money earnings in 1965 were estimated by increasing the estimate for 1958 by 26 percent, the planned increase in money earnings under the Seven Year Plan (1959-65). 6/ The absolute levels of money earnings in 1958 and 1965 implied by this method are confirmed by absolute figures on the level of average monthly earnings in 1958 and 1965 reported by the Soviet news agency TASS. 7/ These figures have not been reported elsewhere.

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APPENDIX B

COMPOSITION OF THE WAGE FUND IN THE USSR 8/

Presented below is a detailed list of the types of payments included in the wage fund for the USSR. It is of interest to note from the list that the purpose for many of the types of payment is to compensate the piece-rate worker who is temporarily assigned to other tasks for loss of earnings resulting from time not spent at his regular job.

1. Monetary Payments for Time Worked

a. Wages

Regular wage payments based on salaries, hourly rates, and standard piece rates.
Payments to casual workers.

b. Wage Supplements

Payments for longevity.
Payments for difficult or hazardous working conditions.
Payments for overtime, night, or holiday work.
Payments for service in the Far North, the Far East, and other "remote" locations.

c. Bonuses

Regular bonuses for fulfillment of production, cost reduction, and other plans.
Premium payments to workers employed under progressive piece-rate systems.

d. Other Payments

Additional pay for piece workers temporarily transferred to jobs that pay wages below the average compensation of their permanent positions.
Additional pay to piece workers to compensate for loss of earnings because of unfavorable working conditions such as lack of adequate supplies of materials, unsuitable tools and equipment, and technical complications outside the competence of the worker.

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Additional pay to brigadiers for organizing the work of brigades.

2. Monetary Payments for Time Not Worked

a. Ordinary Allowances

Holiday pay.
Leave pay, including sick leave.
Compensation for unused leave.
Time-off pay for nursing mothers.
Severance pay.
Travel pay for persons who are employed in the Far North and in remote regions and who are being transported to places where leave time may be used.
Payment for working time used in the performance of temporary state, social, or military duties.
Payments to juveniles who are guaranteed full pay but are restricted by law to a 4-hour or 6-hour day and must be paid for that portion of the day not worked.

b. Contingency Allowances

Payment for time lost in work stoppages that are not the fault of the worker.

3. Monetary Payments for Education and Training

Payments to registered workers receiving approved training at educational institutions.
Additional pay to persons attending classes during working hours to compensate for time lost.
Payments for instructing apprentices.
Payments for supervising trainees.

4. Payments in Kind and Awards and Prizes

The cost of "free" communal services such as housing and public utility services and the cost of payments in kind in those instances in which such payments are stipulated by law.
Monetary compensation in lieu of housing and public utility services where they are required by law as conditions of the job.
Authors' awards and prizes and lecture fees.

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APPENDIX C

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