

Record

pubs

OLL 85-1130

OLL Record

Distribution:

Origs - Stf Dir. HASC

" SASC

" SFRC

" HFAC

" ~~SASC~~

1- OLL Record

1- OLL Chrono

1- Chrono



CENTRAL INTELLIGENCE AGENCY

Office of Legislative Liaison

Washington, D. C. 20505

Telephone: 351-6121 9 Apr 85

TO: Staff Director
Committee on Foreign Relations
United States Senate

144953

At the suggestion of the Department of Defense, we are attaching two papers written by CIA analysts:

1. a Secret-level research report comparing US and USSR GNPs from 1960-83;
2. a Confidential-level article comparing US and USSR living standards.

We trust you will find this material interesting and useful.

Liaison Division

25X1

25X1

FORM 3-79 1533 OBSOLETE PREVIOUS EDITIONS.

(40)

HASC - 144950

HFAC - 144951

SASC - 144952

SFRC - 144953

CONFIDENTIAL

Living Standards in the Soviet Union and the United States

25X1

The USSR has made only a little progress toward its oft-proclaimed goal of catching up with the United States in standard of living. Over the last two decades, real Soviet per capita consumption improved slightly, relative to that in the United States, but it is still only about one-third the US level.¹ Soviet living standards remain low by Western standards and also compare unfavorably with those in much of Eastern Europe. Nevertheless, from the viewpoint of the Soviet consumer, some improvements have occurred since the 1960s. The Soviet diet now nearly matches that in the United States in terms of daily protein and calories, and many households have manual washing machines and small refrigerators. There is still a severe shortage of housing, however, and there are problems in health care that have contributed to rising death rates and lower life expectancies. At best, future improvements in living standards may mitigate some of these problems, but slower economic growth will make progress harder to achieve, and it probably will occur at a slower rate than Soviet consumers experienced in the 1960s.

Trends in Per Capita Consumption

Soviet per capita consumption has been growing more and more slowly since the mid-1960s, and it decelerated markedly in the early 1980s.² The rate of growth stagnated or fell in all major categories of consumption, falling particularly sharply in consumer durables. In total retail sales, the estimated share of imports of final consumer goods nearly doubled during the 1970s, but this was not enough to offset the growing demand for goods and services. As average income increased, widespread gaps between the demand for consumer goods and their availability became more evident. The year 1982 was a particularly

¹ Comparisons with the United States are made by pricing each country's goods and services in the other's currency, adjusted for inflation. An "average" is obtained by calculating the geometric mean of the comparisons in dollars and rubles.

² Growth in real per capita consumption is a good general measure of changes in a nation's standard of living because it shows the volume of goods and services acquired by households. It cannot indicate the lot of a particular citizen, however, because it cannot account for distribution disparities or regional differences that could affect changes in individual consumption levels

bad year—per capita expenditures on food, soft goods, and durables showed an actual decline from their 1981 levels. All major categories of per capita consumption rebounded somewhat in 1983, however. 25X1

Diet

Perhaps the brightest area in the comparative living standards picture has been that of food. The Soviets gained a little on the Americans in terms of per capita expenditures for food, rising from about 40 percent of the US level in 1960 to about 55 percent in 1983.

25X1

The quality of the Soviet food supply has also improved. The daily caloric level of the Soviet diet nearly matched that of the United States in 1981 (figure 1). Soviets still consumed more starches than Americans did, but the gap has narrowed somewhat, largely because more livestock products are now available. Nonetheless, the Soviets have met their recommended daily per capita caloric levels—more calories than the current US recommended allowances for adults.

25X1

Soviet per capita protein levels nearly match US levels. The share of protein in the Soviet food supply has increased from one-third to one-half since the mid-1960s—a marked improvement, though still low by US standards. (The share of protein from livestock products in the US food supply is 70 percent.) 25X1

The United States does much more food processing—canning, freezing, and drying, as well as specialized processing and packaging. The universal use of refrigeration and a flexible distribution system make fresh foods widely available throughout the year and give US consumers a wider choice than their Soviet counterparts. The Soviet food industry is heavily oriented toward processing food into more storable forms—canning vegetables and making sausage, cheese, and similar products. Freezing and packaging are at an embryonic stage in the Soviet Union; in 1976, for

25X1

25X1

CONFIDENTIAL



A Comparison of Soviet and US Gross National Products, 1960-83



25X1

A Research Paper

Secret

*SOV 84-10114
August 1984*

Copy 510