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Lecture: Life in the Soviet Union Today

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Life in the Soviet Union Today is a very broad subject and we cannot begin to cover all aspects of it. As I understand you are primarily concerned with how the Soviet citizen lives, I have chosen to focus on three topics -- incomes, consumption, and living conditions. - I would like to present some thoughts on each topic and then answer questions. However, because your specific needs or interests, are not clear / please feel free to interrupt at any time.

Introduction

In recent years, the average level of living in the USSR has risen by amounts that most Westerners would consider exceptional. Diets have improved -- more meat and other quality food and fewer starches are on the nation's tables. Consumer durables are found in more homes and are more available in stores. Dress has improved, and the contrast with foreign clothing is less discernible. Still, the consumer's situation is a mixture of pluses and minuses. On the negative side, incomes have continued to rise faster than the supply of goods and services, forcing individuals to postpone purchases. As you know, in the USSR nearly all prices are centrally determined and are seldom changed. This has many consequences which we'll talk about later. For now it is enough to say that unchanging prices can lead to shortages. Despite marked improvement in the level of living,

the gap between the USSR and the West -- or even Bloc countries -- remains large, and Soviet consumers are increasingly aware of where they stand. Moreover, those problems that most vexed consumers in the immediate post-war years remain -- such as inadequate supplies and quality of various foods, housing, and services. Finally, the harvest disaster in 1972 and subsequent shortages and higher prices -- in those areas where prices can change -- remind consumers how tentative their gains have been. The Soviet regime has not yet satisfactorily solved that most basic of problems -- providing the population with a quality diet.

Turning first to incomes --

1. We'll look at incomes in two ways - disposable income and wages. ~~[1]~~ Disposable income means just that -- spendable income or what one has in one's pocket. It is income after taxes and other deductions. It includes not only wages but money received from other sources such as the government -- student stipends, pensions, mother's grants and so on -- or from private activity such as sale of surplus farm produce, music lesson or medical service.

~~[2]~~ Wages, on the other hand, are hourly earnings for labor.

2. Per capita disposable income in 1972 was about 775 rubles (^{\$1040}~~\$1070~~), nearly 3 times the 1950 level. If one adjusts for price changes, the growth is even more impressive, well over 4 times. Despite this rapid growth, it was not until 1968 that incomes reached what Soviets consider a minimum acceptable level - 620 rubles (\$830).

(Ruble dollar conversion)
(\$ = .746 r R = \$1.34)

3. Even in 1972, the average monthly wage of Soviet workers -- 130.3 rubles (\$175) -- was less than two-thirds that necessary to maintain a family of four at the minimum standards. This explains, in part, the very high number of families with at least 2 workers, and the low birth rate. (Population growth is less than 1 percent per year.)

4. Non-working women are few in the USSR and Soviets frequently express surprise at the extent to which women remain at home in other parts of the world. Incidentally, at the last session, I was asked about wife-to-wife contacts. This might be a good place to enlarge on the subject....

5. Relatively low wages are reflected in the level of personal savings in the USSR. Consumers save roughly 4 percent of their incomes, about half the level of the US.

6. Nevertheless personal savings are growing rapidly; total deposits in saving banks have grown 32-fold since 1950, an average annual rate of 17 percent. Still, the average account in 1972 contained only 680 rubles, not much more than 10 percent of the amount needed to buy a Zhiguli car.

> p. 4A *Distribution of expenditures and wage differentials*
Now -- consumption -- which can be broken into five broad categories: food, soft goods including clothing and shoes, durable goods ranging from electric irons to automobiles, personal and household services, and health and education services.

1. First, let us compare Soviet consumption with that in the US and I must emphasize that consumption does not mean personal expenditures rather the supply - market basket if you will - of goods and services available.

6. Distribution of expenditures

Food 45%

Soft goods 19%

Durables 7%

Housing & utilities 4%

Savings 4%

Taxes 7%

(income tax -- none on 70 rubles or less monthly
income, up to 13 percent)

wage differentials

Wages EOE All Sectors a/

1968

1971

150

Science (147.9)

140

130

120

Construction (122.7)

Transportation (114.9)

Industry (110.3)

Science (111.9)

110 Transportation (110.1)

Industry (109.5)

Administration (107.2)

Credit & Insurance (104)

Education (104)

Construction (102.2)

100 All sectors

(100)

All Sectors (100)

Administration (98.3)

Credit & Insurance (91)

90

Art (87.1)

Education (85.3)

State Agriculture (84.5)

Communication (82.4)

80

Housing, Comm Econ. (76.6)

Communication (78.8)

Trade & public dining, MT

Housing, Comm Econ. (76.8)

Health (75.7)

Art (76.6)

Trade & public dining,

MS (73.2)

Health (73.8)

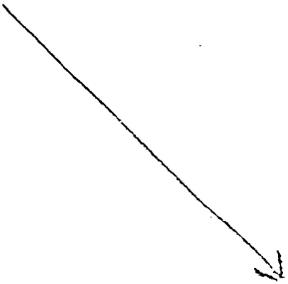
70

State Agriculture (59.7)

In per capita terms, the average citizen consumes roughly one-third of the goods and services consumed by his US counterpart. (First chart). The comparison fails to reflect fully the inferior quality and assortment of goods and services available, however. More of that later.

In Chart 1, Soviet per capita consumption of the other categories is also related to that of US. A caution is in order -- in comparison with the US consumer, the Soviet consumer appears in an unfavorable light. In a time comparison, however, the Soviet consumer has made great strides forward.

2. To begin with food. Soviet consumers receive enough to eat in terms of daily calories, and have for at least two decades. But their diet is overly weighted with starches and, relative to the US, is low in meat, vegetables, and fruit (Second chart). Nevertheless, the Soviet consumer has seen substantial improvement both in dietary quality and in the variety and assortment of food available. Since 1950



the share of calories provided by grain products and potatoes dropped from 71 percent to 52. During the same time consumption of sugar more than tripled, that of fats and oils more than doubled, and that of meat almost doubled.

3. Although the quality of Soviet soft goods is still far below the average Western level, it is noticeably better than even a decade ago. Visitors to the Soviet Union comment on the greater availability of clothing and shoes, the more attractive and wider range of styles and color. In fact, at least one US speciality buyer has imported several Soviet designs and anticipates no trouble in selling them. In the USSR, imported soft goods, particularly clothing and shoes, are extraordinarily popular and are increasingly available.

4. Except for sewing machines, Soviet consumers enjoy only a fraction of the durables owned by their US counterparts. (Third chart). Many durables, common here, such as automatic washers, dryers, and freezers, are not manufactured or sold in the USSR. On the other hand, both color and black and white television sets, radio-phonographs, transistor radios and tape recorders are available off the sales floor. Waiting lists, so common a few years ago, have almost disappeared. One need register only for a car or for some models of the more desirable refrigerators.

5. The demand for automobiles is extremely strong and will remain strong for many years although the supply is growing rapidly. In 1972, 377 thousand automobiles were purchased by individuals. Soviet automobiles are expensive, ranging from 3500 rubles (\$4,800) for the small Zaparozhets to 9000 rubles (\$12,500) for the Volga, the largest passenger car sold to individuals. Even the smallest car costs more than 2 years total income of the working man. By comparison, a moderately priced car in the US in 1972 was equivalent to about six months earnings for an average industrial worker. Soviet cars must be purchased in cash; there is no credit. Buyers may pay in one lump sum or in periodic payments up to time of delivery.

6. I should address the quality problem briefly. In -- and particularly of consumer goods -- any discussion of Soviet products/comments on poor quality form a nearly constant refrain. There are, of course, a few exceptions, but most products are sub-standard. Why do plant managers not try to improve quality? Because the emphasis is on meeting the plan, and the plan invariably is for quantity. Managers are not rewarded for quality. No matter that 40 percent of the shoe factory's output is classed defective, it still has been produced. Window glass is a ^{example} classic/-- enormous production, continual shortages. Why?

The latest review says 47 percent arrives broken -- plant managers want to produce more square meters, hence it gets thinner and thinner. Repetitive clothing styles are another example. Hats, ^{three or four} ~~one~~ styles only, ^{new - 20 years old; 10 years ago only, 0} Furthermore, controlled, centrally set prices mean no incentive. Everyone is familiar with the so called "technology" lag, the slowness in devising and introducing new equipment and techniques.

7. By western standards, the supply of personal and household services available to consumers is still extremely limited. Nevertheless, marked progress has been made in the range and quality of services provided. One can get clothing dry cleaned now, one doesn't have to remove buttons before sending clothes to the laundry. On the other hand, the total value of state supplied services in 1970 amounted to only 16 rubles (\$22) per capita -- at Soviet prices enough for a man to have a haircut every other week or for a woman to have her hair washed and set seven times a year, and housing conditions are probably the most distressing aspect of Soviet life.

8. Soviet achievements in health and education are impressive and well known:

	1970	
	USSR	US
Doctors (per 10,000)	24	17
Hospital beds (per 10,000)	110	79
Teachers (thousands)	2361	2061
Students (per teacher)	21	23

Quality particularly in the health area remains below desired levels.

Finally, I would like to talk about a number of topics loosely aggregated as living conditions -- housing, shopping, education and medical services, child care, and so on.

First, a few slides to show you what housing looks like, what traffic conditions are, and what the average shopper faces. We'll go quickly through the slides - interrupt if you wish - and then discuss the topics in more detail.

1. We'll begin with housing. Urbanization has placed a growing strain on the supply of housing. Nearly 3/5 of the total population (of 250 million) now live in cities. Despite tremendous quantities of construction concentrated in urban areas -- the stock more than doubled from 1951 to 1972 -- the average space available (7.8 m^2 or 84 f^2) is still 15% below the minimum standard set soon after the revolution. Housing space is about 1/3 that in the United States.

2. Housing is broadly divided into 2 types -- state and private

State -- mostly urban areas

-- mostly multi-stories

-- waiting lists, some favoritism, wait from

$1\frac{1}{2}$ - 3 or more years necessary

-- rents are low, under 5%

Cooperative

- type of state housing
- association of a number of Soviet citizens
- down payment of 40 percent
- balance in equal shares over 10 to 20 years
- 1 percent interest
- (-- 2,500 down, 20 rubles monthly and 10 monthly for upkeep compared with 4 monthly for state)

Private

- quantity declining, about 1/4 in 71
- small cities, rural areas
- can be purchased

Dacha

- state or private
- highly luxurious to very primitive

3. By Western standards, quality is shoddy and design unimaginative. Priority is to quantity and not quality. Moreover, about 1/4 of urban state housing still is without running water and sewerage -- for all housing, rural and urban, the figure is probably 50%. A substantial percentage of urban apartments involve the sharing of kitchens and bathrooms. By 1957, it is planned that 75 percent of the people in state housing will be in single family apartments.

4. Daily difficulty of shopping for food and other consumer goods

- state stores and collective farm markets
- shift from home-produced to purchased strains the system
- limited self service, suspected dishonesty
- lines for products and cashiers
- uncertainties - compounded by shortages, everyone "on the alert" "where did you find that"
- generally poor quality (as discussed before)
- miniscule variety and assortment, 20-30 kinds of shoes here, 3-4 there
- special stores - coupons, hard currency - for privileged personnel, diplomats and Soviets
- lack of consumer credit for desired durables though some available for items in good supply
- shortage of services partially met by private sector

5. Education and medical services -- Much is made of free and universal education and medical services, and rightly so. But the services are not entirely free -- nor

are they equally available everywhere. School books and supplies must be purchased as well as school uniforms. Prescription items also must be paid for. The supply of both kinds of services is far superior in urban areas ~~than in~~ to rural.

6. All children do begin school -- age 7 -- school is compulsory for 8 years, roughly 3/5 continue for 2 more years, completing a general secondary education, advanced education is available for a relative few -- enrollment is closely controlled by the state.

7. Medical emphasis is on prevention rather than cure, system of polyclinics.

8. Inflation

- "does not exist in a socialist economy"
- cannot be measured
- forced savings
- prices bid up in collective farm market
- complaints of higher prices on "same" goods
- is it a problem

9. Bribery and corruption

- tolkach or expediter
- bribes for all sorts of services, to get a higher place on the housing or car list
- theft; housing materials, food, general supplies, spare parts

- recent Georgia situation
- special stores for "privileged"
- shortages
- alcohol

10. And lastly a topic which might be called "social graces" or daily behavior

- daily difficulties and frustrations result in incredible rudeness
- shoving and pushing, time spent waiting
- restaurant service
- theater coat checking
- recreation facilities

Despite marked progress, daily life still has a dull sameness, everything seems to look alike and people seen on the street seem bored and preoccupied. There is a substantial degree of unsatisfied demand among the population -- demand for quality foods such as meat, fruit and vegetables, and demand for well-made soft and durable goods. The population is more choosy and does refuse poor quality goods. Inventories are increasing at the same time as savings accounts are building. All this has an effect on the total economy which is plagued with low productivity -- 50 percent more workers than the US but only half the gross national product. Soviet workers are not inspired to greater efforts by the promise of more money and goods. The economy has not been able to supply the goods so far.