



Directorate of
Intelligence

BX3

F18

23494

~~Secret~~



CIASOY...UR-20-005-X...

m

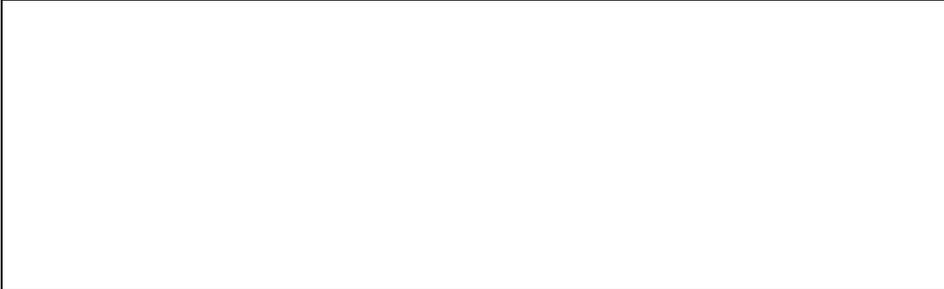
USSR Review



April 1990

79

93



Soviet GNP Data: Still Inadequate (U)

The Soviet Union is beginning to use GNP data to formulate its economic plans, measure performance, and make policy decisions. The official GNP data continue to overstate real growth, however, because they do not adequately account for changes in prices.

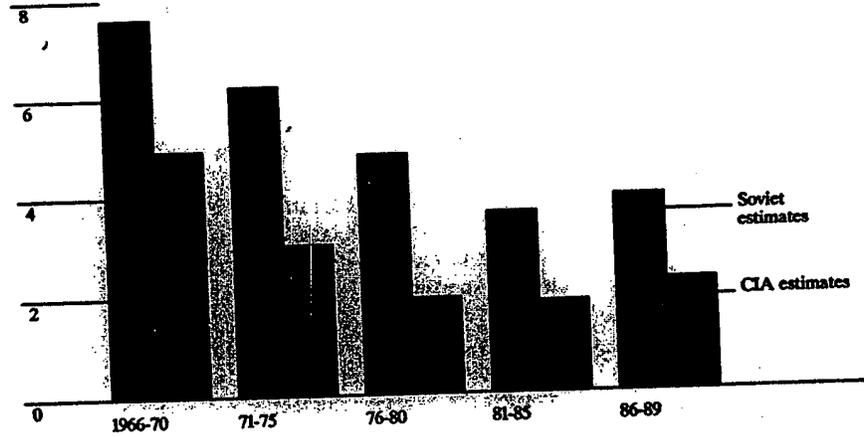
Adoption of GNP as Performance Measure. CIA has independently estimated Soviet economic performance because the Soviet statistical agency, Goskomstat, has used the Marxist concept of net material product as a summary measure of economic performance rather than the more comprehensive GNP measure used in the West. Moreover, the growth rates published by Goskomstat overstate actual performance because inflation is not adequately accounted for.

The impetus for the Soviets to begin using GNP appears to have come from President Gorbachev. Embassy reporting suggests that Gorbachev has regularly received CIA's unclassified GNP estimates and that, becoming aware of the faults in Goskomstat's data, he replaced the director and ordered the agency to come up with a reliable GNP series.

CIA Data as the Standard. CIA estimates of Soviet GNP are increasingly cited by Soviet specialists as the standard in evaluating their economic statistics. Gennadiy Zoteyev, a deputy chairman of the research institute of Gosplan (the State Planning Committee), in a paper delivered at the December 1989 meeting of the American Economic Association, directly compared CIA data with equivalent Goskomstat data and used the derived relationship to predict actual 1989 performance. Zoteyev said he believed that the CIA growth rates are, if anything, a little too high. In another example, the December 1989 issue of a respected Soviet mathematical-economic journal published several articles that referred to CIA statistics as more accurate than Goskomstat data.

Improvements Promised but Not Delivered. The new chairman of Goskomstat, Vadim Kirichenko, claims that past methodological deficiencies are being corrected, especially those in the estimation of retail price indexes. His claim is difficult to verify, however, since Goskomstat has not published any methodological details on its current procedures. In addition, the published growth rates (see graph) show that the gap between Soviet and CIA estimates of GNP is even larger than that between the estimates of net material product. It appears that Goskomstat simply converted its old net material product estimates to GNP by adding in services and depreciation but still is not adequately accounting for price change.

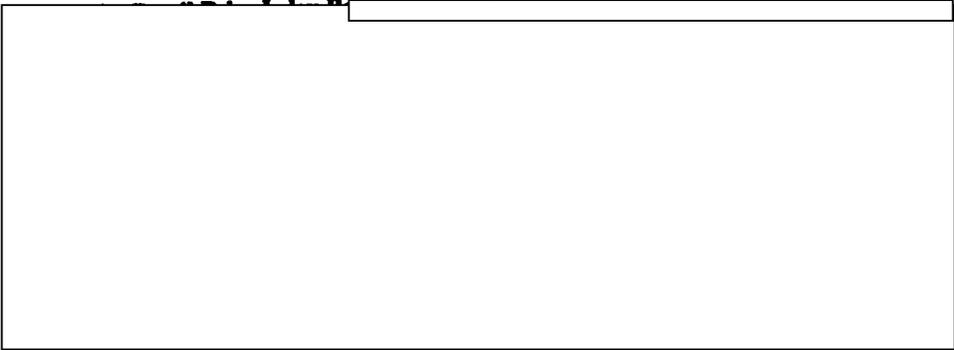
Secret



320082 4-90



Annual data for 1980-88, for instance, show almost no price change, despite evidence that inflation in the USSR is substantial. In Goskomstat's report on economic performance in 1989, real GNP growth was reported as 3 percent—an implausibly high rate of growth for an economy that has been described as in "crisis." CIA estimates indicate that the Soviet economy grew by less than 1.5 percent last year and imperceptibly on a per capita basis. ()



Secret