

Comment on

RUSSIAN STANDARDS OF LIVING

EVERY month the United Nations publishes a Statistical Bulletin crammed with a mass of economic data on practically every country in the world. Significantly, the range of statistical information available is greatest for free enterprise U.S.A. and least for the U.S.S.R. All the Bulletin can tell us about the U.S.S.R. is that its population was 193 million in 1946; or—very occasionally—that production of certain commodities has increased by a certain percentage figure which is in any case largely meaningless because of the absence of data about the base year used.

It is a relatively easy matter to estimate, with a workable accuracy, production or income per head for the United States, the United Kingdom, Australia and most other Western countries, or to determine comparative wages, prices, railway traffic, money supply or any other economic indicator which may strike one's fancy. But with Russia it is necessary to rely on whatever can be gleaned by statistical experts skilled in sifting Russian newspapers and documents. The I.P.A. has made a practice of collecting articles, newspaper cuttings and other memoranda by such analysts. From these sources and from the eye-witness reports of visitors to the U.S.S.R. it is possible to gain some impression of Russian conditions.

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THE amount of working time the average Russian must spend to earn sufficient income to buy commodities in every-day use provides a valuable clue to living standards in the U.S.S.R. As official price listings in roubles are freely available, the validity of such estimates revolves around the accuracy of the figures of average hourly earnings used to convert prices in roubles to minutes or hours of work required

to buy the commodities concerned. The higher the wage rate taken the lower, obviously, is the number of hours or minutes of work required.

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No overall wage statistics are published by the Soviet authorities. But the United States Bureau of Labor Statistics has pieced together a great deal of information suggesting that the average wage of a Moscow industrial worker in April, 1952, was 600 roubles a month or 2.94 roubles an hour. This figure is purely an average covering all workers. Wage rates vary widely between industries and also between workers because of incentive schemes which relate payment to output. For example, the U.S. Department of Labor found that wage rates in the Soviet construction industry range from 0.75 roubles an hour to 2.7 roubles. In the steel industry the same authority states that the highest paid group of workers—those in special plants in the Urals and Siberia—had basic rates varying from 1.67 roubles an hour to 6 roubles.

It has been maintained that the bare figures of hourly earnings do not allow for “free” health, education and other services provided by the Soviet government. But these so-called “free” services must be paid for out of trade union levies, compulsory state loans and out of taxes which, in the view of the Oxford University Institute of Statistics (Sept.-Oct., 1952 Bulletin), are “a considerable burden on the poor.”

Budget estimates submitted to the Supreme Council by the Soviet Finance Minister on March 6th, 1952, showed that government revenue in 1952 would be obtained as follows:—

	%
Turnover tax, i.e. sales tax, etc.	51.1
Profits tax	12.1
Direct taxes	9.3
State loans	8.4
Other revenue	19.1
	<hr/> 100.0 <hr/>

By contrast with only 9% in U.S.S.R., direct income taxes on persons in Australia, United States and United Kingdom comprise about 30%-40% of government revenues. In Western countries, taxes take a relatively large share of the incomes of middle and upper income earners. But in the U.S.S.R., income tax rates are progressive only up to the level of 12,000 roubles a year, a relatively low income by top Russian standards. The average worker, making 7,000 roubles a year, pays 7% in tax whereas top party officials on 100,000 roubles or middle class managers and professional men on 20,000 to 30,000 roubles pay only 12%. Soviet death duties also highly favour top income earners. In contrast with the steeply progressive inheritance taxes in most Western countries (e.g. in United Kingdom death duties range from 12% on an estate of £20,000 to 75% on a £1,000,000 estate), the U.S.S.R. only imposes a simple probate fee of 10% of the value of the estate.

The following table recently compiled by the United States Bureau of Labor Statistics and based on average hourly earnings and comparable price listings in various countries shows the striking disparity between living standards in U.S.S.R. and free enterprise countries:—

MINUTES OF WORKING TIME REQUIRED TO BUY—

Per Pound	U.S.S.R.	U.S.A.	Australia*	U.K.	France
	Apr. '52	Sep. '51	Sep. '52	Apr. '50	Oct. '51
White bread	14	6	5	6	9
Butter	270	30	37	37	135
Sugar	110	4	6	9	21
Beef	132	31	29	48	126
Potatoes	9	2	4	3	3
Apples	89	4	13	n.a.	19
Tea	960	49	35	77	n.a.
Milk—1 pint	21	4	6	8	8
Eggs—1 doz.	187	32	44	66	118

* Bureau of Labor statistics brought up to date from Quarterly Summary of Australian Statistics, Sept., 1952.

THESE working time comparisons are further borne out by a 70 Nations Survey completed by the United Nations Statistical Office. After making due allowances for the real, as opposed to the nominal, purchasing power of various currencies, the United Nations' statisticians arrived at the following figures of national income per head for 1949:—

	Income per Head
	\$
U.S.A.	1,453
Canada	870
Switzerland	849
Sweden	780
Australia	679
Belgium	582
France	482
U.S.S.R.	308
Japan	100
India	57

Notes: 1. Because of the statistical difficulties involved in making international income comparisons, these figures are only very approximate. Apart from lack of uniformity in the original data, serious problems arise in connection with the conversion of the various national figures into a common currency in an era of artificially regulated exchange rates.

2. The disparity between income per head in United States and in other countries is much more marked than in the working time comparisons because the latter relate only to food. Most other commodities are considerably cheaper, in terms of working time, in the U.S.A. than elsewhere.

