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4 RUSS - SOVIET CENSUS AND LABOR CONUNDRUM

1960

Munich, 8 February 1960 (Eval. & Analysis - r.r.g.) E.C. -  
 Harry Schwartz, writing in the New York Times on February 7th,  
 1960 (F-21,22 in CNR file), interprets the new census data as  
 "suggesting that serious labor problems lie ahead of the Soviet  
 economy in the 1960's..." as a result of the "catastrophic decline  
 in the birth rate and the great increase in infant mortality during  
 and immediately after World War II".

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These theories were first put forward by Western economists in  
 1957, since 1958 was known to be the first year in which the demo-  
 graphic decline would begin. Since then the actual figures for the  
 growth of the Soviet non-agricultural labor force in 1958 and 1959  
 have become available. They are most instructive and will be use-  
 ful in analyzing the articles on the Schwartz line which may be ex-  
 pected during the next few weeks.

	Real Increase in Soviet non-agricultural labor force	Increase in US total labor force - approx.
1958	2,700,000	600,000
1959	2,450,000	700,000
Two year total	5,150,000	1,300,000
Sources:	<u>Pravda</u> , 16 January 1959 <u>Pravda</u> , 22 January 1960	<u>Economist</u> Feb. 6, 1960, chart on p. 521.

In the case of the USSR, the 1958 figure has been artificially  
 reduced for statistical reporting purposes<sup>1</sup> to a book entry of 1,400,000  
 by the transfer of 1,300,000 ex-MTS workers to kolkhoz status.  
 Similarly the 1959 figure has been cut back artificially to 1,700,000  
 by the transfer of the last remaining MTS workers, 750,000 in all,  
 to the kolkhozy. These book-keeping exercises should not allow any  
 analyst to overlook the fact that in 1958 and 1959, the first two  
 years of demographic decline, the Soviet non-agricultural labor  
 force grew more than four times as fast as the US total labor  
 force.

In an attempt to justify Mr. Schwartz the Central Statistical  
 Administration's figures could also be used. The comparison would  
 then be as follows:

<sup>1</sup>by the Central Statistical Administration.

# USSR - SOV. CENSUS

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Book-keeping Increase in  
Sov. non-agricultural labor  
force

Increase in US total  
labor force

1958	1,400,000	600,000
1959	<u>1,700,000</u>	<u>700,000</u>
	3,100,000	1,300,000

On this rigged showing the Soviet growth was more than twice as rapid as the U.S. equivalent. So much for the past - the years echoing the births of 1942 and 1943. F-58

As to the future, Schwartz states correctly that "now and for more than 5 years to come the number of young people reaching maturity will be less than 3,000,000." This is based on the C.S.A's finding that on 1st January 1959 there were 17,133,000 in age-groups 10-15 inclusive in the USSR. In other words in the next five years the average annual intake from demographic sources will be reduced to a figure roughly comparable with that of the U.S.

But this calculation omits the fact that the USSR still has about 45,000,000 peasants, and that they are flowing to the towns at the rate of about 1,400,000 per annum (see Izvestia, 10 May 1959) - say perhaps 8,000,000 in the 1960-65 period. If the flight from the land is taken into account, it will be seen that there is reason to assume that the non-agricultural target (+12,000,000 in 7 years) will be met.

For the overall picture, no facts which have yet come to light cast serious doubt on the estimates presented by Mr. Warren Eason to the Joint Economic Committee of Congress in November 1959:<sup>2</sup>

Total Soviet labor force	Total US Labor Force
1965 117,100,000	79,200,000

Thus by the end of the 7-year plan, the Soviet labor force is likely to be almost half as large again as that of the US. If the total labor forces of Britain and France were added to the American side of the scale, it would be marginally the heavier. In these circumstances it is submitted that to speak of "serious labor problems for the Soviet economy in the sixties" remains as premature as it has been for the last three years.

<sup>3</sup>See Background Information, "Comparison of US and Soviet Economies - The Labor Force", 20 November 1959.

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