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USSR AND EASTERN EUROPE:
1978 GROWTH, 1979 PLANS AND PROSPECTS

Note by the Secretary General

The attached report(1) has been prepared by the Economic Committee in the light of detailed discussions. It examines economic performance within the USSR and Eastern Europe during 1978 and the plans for 1979 and analyses current constraints and positive developments in the economic growth of these countries.

2. This report will serve as a basic document for the Council meeting on 9th May.

(Signed) Joseph M.A.H. LUNS

NATO,
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This document includes: 1 Annex

(1) For previous report see documents C-M(78)39, dated 17th May, 1978 and C-M(78)68, dated 17th November, 1978.

N A T O R E S T R I C T E D

USSR AND EASTERN EUROPE:
1978 GROWTH, 1979 PLANS AND PROSPECTS

Report by the Economic Committee

INTRODUCTION

1. This paper highlights economic developments in the USSR and Eastern Europe in 1978 and plans for 1979, and analyses current constraints and positive developments in economic growth, in order for the Alliance to evaluate the countries' probable future economic strength in planning its defence needs. Economic growth is chosen as a yardstick because the Communist nations themselves use it as the principal measure of their success, and also because other indicators of economic progress, such as the level of living standards, are much more difficult to define and quantify. Since Communist accounting concepts and practices differ substantially from those of the West, it is misleading to compare Soviet and East European rates of growth with those of Western nations. By examining Communist-nation growth rates in light of previous performance, however, one can arrive at an idea of development trends. Although the rate of increase in growth in the Communist countries is downward in many cases, one must not lose sight of the fact that, in the main, growth itself continues to be positive.

USSR

SUMMARY OF 1978 RESULTS

2. The year 1978 saw sluggish industrial growth, uneven agricultural performance, and only modest advances in consumer goods supplies and personal incomes. Industrial production rose in value over that of 1977 by 4.8 percent, matching 1976's post-1950 record low. National income helped by record grain harvest increased by 4 percent, compared to 3.5 percent in 1977. The record grain output in 1978 was itself adversely affected by unusually high moisture content.

3. Retail trade turnover increased by 3.9 percent compared to 4.4 percent in 1977 and was slightly overfulfilled as in most other years. Real income per capita also increased by less than in 1977 - 3.9 percent compared to 4.4 percent. Growth in volume of consumer services was however higher than in 1977 - 7.9 percent compared to 6 percent. The rate of increase in personal savings was less than half of that in 1977. This probably reflects smaller increases in real income and higher expenditure on consumer services.

4. The value of fixed industrial assets commissioned rose by 9 percent (3 percent in 1977), but the growth was below plan, as was the completion of many production capacities, particularly in the electric power, steel and chemical industries.

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Capital investment continued to be widely dispersed. Total capital investment increased by 5 percent as compared to a planned 3.8 percent and 3 percent in 1977. The larger-than-planned increase in investment could be partly attributed to renewed emphasis on investment as the principal engine of growth in view of failure to achieve desired increases in labour productivity. The planned increase in capital investment for 1979 of 4.9 percent, which is higher than achieved in 1976 and 1977, supports this view.

5. After a reduction of the hard currency trade deficit in 1977 to \$2.4 billion from \$5 billion in 1976, the 1978 hard currency trade deficit rose again to \$5.5 billion.

OUTLOOK FOR 1979

6. The outlook for 1979 is for increased efforts to stimulate industrial output through additional capital investment, particularly in the fuels, chemicals, metallurgical, and machine building sectors. Production of consumer goods is planned to grow by 5.4 percent, which is more than the rates achieved since 1976. Also, more attention is supposed to be paid to the quality of consumer goods. However, heavy industry still has priority and is to grow by 5.2 percent.

7. Otherwise, convertible-currency imports will be stringently limited to high-technology and export-generating items, in an effort to correct the trade imbalance with the West. In view of past performance, however, growth of national income in 1979 will almost certainly not exceed the planned 4.5 percent increase, and may well fall short if, as appears probable, the 1979 harvest does not match 1978's results.

CURRENT CONSTRAINTS

8. Agricultural Harvest. Although the 1978 gross grain harvest came to a record 255 million tons, it is estimated that as much as 15 percent of its weight was due to exceptionally high moisture content and 10 percent was lost from dockage and transport losses. Moreover, except for cotton and eggs, production goals for other major agricultural products were not achieved in 1978. As a result of past harvest shortfalls, and in anticipation of possible future shortages, the USSR will probably buy 13-15 million tonnes of grain in the West this year, in order to provide for the continued expansion of Soviet livestock herds, which grew, along with meat production, by 3 percent in 1978. On balance, the USSR's 1978 agricultural output did not provide a significant boost to the country's economic growth.

9. Energy Production. Growth of primary energy production appeared to continue the declining trend begun in 1974. Oil production, at 571.4 million tonnes, in 1978 achieved the lowest

annual increase this decade - 4.7 percent - and was 3.6 million tonnes below the original target. Growth in oil output thus may be slowing faster than the Russians envisaged, although the cutback may have been a conscious choice because of delays in laying oil pipelines. The 1979 plan foresees an oil production increase of only 3.6 percent; almost half of the extraction is to come from fields in Western Siberia, as compared with about 45 percent in 1978. Coal production, too, fell short of target in 1978 by 18 million tonnes and increased only 0.2 percent over the 1977 level, partly because of bad weather and partly because of delays in installing capital equipment in coal mines. Gas output was one particularly bright spot in the energy sector: it grew by 2 billion cubic metres over plan, and is to expand by a total of 32 billion cubic metres in 1979. In sum, although energy developments may not have had a particular depressing effect on Soviet economic growth in 1978, the speed with which energy resources can be developed will at least in part determine future growth prospects, since current Soviet energy output is judged approximately equal to Soviet industry needs and export commitments, notably to Eastern Europe.

10. Transport. Railway transport had an especially bad year in 1978. The rate of capital construction was low: 1978 railway track length increased by only 699 kilometres, as compared to 1,029 in 1977, and electrification of railways advanced only 542 km, as compared to 799 km the year before. Capacities were seriously under-utilized, and turn-around time was generally excessive. An especially severe problem was the provision of railway cars for grain transport. Because of the poor state of repair of many of the cars, large quantities of grain were lost through holes or open doorways. Air transport, on the other hand, overfulfilled expectations: passenger traffic, the volume of air freight shipments, and air services all exceeded plan.

11. Development of Raw Materials Supplies. The year 1978 also showed that the Soviet economy will continue to be constrained by the rate at which it can develop and exploit domestic raw materials resources, in addition to energy. Much of this development depends on the expansion of transportation facilities. Construction of the Baikal-Amur Railway, intended to carry additional mineral resources from Siberia, proceeded slowly and completion of vital sections, such as that leading to the Udokan copper mines, lagged behind schedule. As a result of the employment of powerful new icebreakers, however, Soviet ships were able to affect deliveries of vital minerals from Northwestern Siberia by way of the Barents Sea during the greater part of the year.

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12. Convertible Currency Trade Deficit. In 1978, the USSR's convertible currency trade deficit increased from the 1977 level of \$2.2 billion to \$3.5 billion, partly because of substantial grain imports (around 15 million tonnes, costing approximately \$2.5 billion), and partly because of a pick-up in imports of machinery and equipment, especially from the US, the UK, and Japan. In addition, the USSR's terms of trade with the West probably deteriorated, as a substantial jump in the cost of Western industrial exported goods was not matched by any increase in the price of Soviet oil exported to the West. Exports of oil and oil products account for almost 50 percent of the USSR's hard currency earnings.

13. To offset its trade imbalance, the USSR sold about \$3 billion worth of gold on world markets in 1978. Depending on the method of calculation, net Soviet convertible currency indebtedness now stands somewhere between \$10-20 billion and may well increase over the next few years because of a continuing need to import Western equipment, some of it essential for developing Siberian resources, and because of a possible concurrent decline in the amount of oil the USSR will export to the West. None the less, the USSR remains in a good financial position with respect to the West because of the low ratio of its external debt to national productive capacity, its relatively low debt-service ratio, its large gold reserves, success in cutting non-grain imports from the West, its ability to sell large amounts of arms for hard currency, and its easy access to Western bank loans.

14. Capital Construction. Capital investments from all sources of finance totalled 128.7 billion roubles in 1978 - a 5 percent rise over 1977. The problem of uncompleted construction projects remained a significant one, however. As a result, the 1979 plan includes a total ban on starts on administrative buildings and any other non-productive facilities which are not of top priority, and endorses a method of financing projects with bank credit on which interest is charged. Over half of all investment in 1979 is to go for projects already under construction which can significantly contribute to future economic capacity.

15. Private Consumption. Although output of the consumer goods sector reportedly increased by 4 percent in 1978, much of it was evidently of unacceptable quality: individual savings accounts grew by 14.4 billion roubles, despite selective price rises announced on 1st March, 1978 supposedly designed in part to absorb some of the pool of consumer savings. In order to provide more acceptable products for the population, the Government is putting increasing emphasis on developing this sector in 1979: the value of consumer goods output is to increase by 5.4 percent in 1979, and investment in the consumer goods industries is to increase by 19 percent over the 1978 level to 26.6 billion roubles, partially in order to equip the industries with modern machinery.

POSITIVE DEVELOPMENTS

16. Sectoral Industrial Output. Although industrial production as a whole in 1978 grew considerably more slowly than in 1977, when it increased by 5.7 percent, output of some industries grew by an impressive 9-10 percent - notably gas, machine tools, automative machinery, instruments and automation controls, and machinery for livestock raising. Also, recording 6 percent growth in output were the heavy and transport machine-building industry, chemical processing equipment, and machine-building for the consumer goods industries. The strong growth in these areas, although not always at target levels, and probably even then exaggerated by Soviet methods of valuation, none the less indicates some success in expanding industrial output in key sectors. There may also have been certain gains in promoting output of quality goods rather than simply additional volume. For instance, the value of metal-cutting machine tools and forging and pressing machines advanced strongly - around 10 percent - although the number of physical units produced remained about the same as in 1977. In the metal-cutting machine tool branch alone, 12 percent more of advances numerically controlled machines were produced than in 1977.

17. Additional Commissioned Capacity. In 1978, 9 percent more fixed assets - plants, apartment buildings, hospitals, etc. - were put into operation than in 1977, and significantly fewer projects than in 1977 were left uncompleted. Moreover, although in certain industries the number of commissioned industrial capacities ran below those finished in 1977, the amount of newly commissioned capacity none the less represented a respectable expansion of already large existing facilities. Electric generating capacity, for instance, grew by 3.5 percent over output in 1977; iron-ore and steel producing capacities each grew by 2 percent of 1977 output; manufacturing capacity for mineral fertilizers grew by 3 percent of 1977 production, and capacities for railway freightcar production grew by 5.4 percent over 1977 output. The completion of these new facilities should put the USSR in a better position to work toward solving some of its more pressing inadequacies - such as in agriculture and transport - through domestic production.

IMPLICATION FOR THE ALLIANCE

18. Generally declining Soviet economic growth reflects the USSR's basic problems of a decreasing rate of growth in its labour force, and declining capital productivity. The USSR probably cannot adopt new technology fast enough to stem this decline, nor will it be able to exploit to any significant extent its pools of under-utilized manpower. Nevertheless, at least into the 1980's it will most likely be able to maintain even its current heavy burden of military spending (11-13 percent of GNP) without causing unacceptable popular discontent. In the next

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few years, living standards may remain static as small wage gains are eaten up by similar rates of inflation, and uncomfortable choices may have to be made in the allotment of investment resources; but these developments will probably not lead to large declines in worker productivity. In sum, Alliance defence considerations should reckon on slowing economic growth in the USSR, along with growing pressures for high-technology imports and Western credits or compensation arrangements, as the Soviet régime tries to counteract the declining trend.

EASTERN EUROPE

1978 RESULTS

19. The year saw a continuation of the generally declining trend of national income and industrial production growth. Increases in industrial production in all of the countries except Hungary and Poland were below plan, largely due to raw materials scarcities and management inefficiencies, and Poland's 5.8 percent growth in industrial output was attributable mainly to higher prices applied to items produced. Attempts to reduce large foreign trade imbalances also had a depressing effect on the various economies by making necessary imports more difficult to obtain. With the exceptions of Bulgaria and Hungary, agricultural results in the area were at best mediocre, partially because of excessive rains. Construction, a habitual weak spot in most of the economies, continued to lag behind plan expectations, delaying the commissioning of new productive facilities. Investments grew above plan in Hungary and the GDR as a result of unplanned investment by firms. In Bulgaria, Romania, and Poland investment failed to meet planned growth rates, due in part to import restraint measures, and in Czechoslovakia investment grew at the planned rate.

1979 OUTLOOK

20. Plans for 1979 show targets for industrial output and national income growth generally above 1978 results, but in several instances reduced from corresponding 1978 targets, reflecting cautious optimism in the face of lasting economic difficulties. Almost all the East European countries will increasingly be pinched by tight energy and raw materials supplies, the bulk of which will continue to be imported from the Soviet Union. Priority will be given to the development of industries considered most important to economic growth primarily through attempts at more efficient use of capital and managerial resources. Most of the countries will continue to put emphasis on cutting imports and promoting exports, especially with respect to the West, in order to correct their trade and payments imbalances; in addition, they will seek to guarantee sources of supply for energy and raw materials and to establish additional markets for national product specialities, to some extent in the lesser developed world.

CURRENT CONSTRAINTS

21. Agricultural Harvest. Although better than in 1977, the 1978 harvests throughout Eastern Europe were generally below plan, in part because of heavy rainfall which made harvesting difficult and gave rise to wastage from grain-drying operations, and in the South by cold, dry weather during the autumn and winter of 1977/78. Although the grain harvest yields were reported at high levels in the GDR, Poland and Czechoslovakia, much of the volume was due to excessive moisture content. Except in Bulgaria and Hungary, production of other crops was often disappointing and sometimes severely down from previous levels. Livestock herds, having in large part recovered from the decline which began with the 1975 grain product shortfalls, showed continued marginal expansion throughout the region. As a result of continuing harvest difficulties, however, the area as a whole will again have to import considerable quantities of agricultural commodities in 1979 to sustain current levels of consumption and livestock feeding.

22. Energy Production. The energy situation in the area deteriorated in 1978. Output of coal and lignite failed to reach planned levels in the GDR and Czechoslovakia, partially because of adverse winter weather conditions, which also caused fuel and heating shortages. In Poland and Czechoslovakia, electrical power output could not meet industrial demand; power cuts had to be imposed, leading to production losses. In addition, the Eastern European nations had to pay increased prices for Soviet oil, on which they are virtually dependent, and were faced with a declining growth rate of Soviet oil exports. Romania, the sole exception, none the less had to import over one-fourth of its net domestic oil consumption from other sources, in stark contrast to its having been an oil exporter up to 1976. Romanian oil production in 1978 declined by over 6 percent as a result of depleting reserves. On the other hand, energy conservation measures, attempted in all of the East European countries, met with no particular success.

23. Investment Inefficiencies. Except in Bulgaria and Romania, capital investment throughout the area generally exceeded plan targets, as factory managers purchased indiscriminately to enhance their prestige or productive capacity. In Hungary, 1978 growth in investment outlays was 6 percent above plan, giving rise to concern among planners about investment funds not being productively used; and in Czechoslovakia purchases of new machinery and equipment exceeded outlays for construction or modernization of plants to receive them, although the opposite had been planned; lower investment growth in the non-industrial sector, however, limited the growth of total investment to 6.6 percent as stated in the plan. The GDR apparently diverted a substantial portion of state investment funds into the non-industrial sphere for additional

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housing and medical, educational, and cultural facilities, in order to provide visible proof of continuing progress in raising living standards. Romania, although increasing investments by 16 percent over the 1977 level, none the less experienced delays in putting new plants into operation and saw capacities functioning below their projected levels. Total investment in Poland decreased by 0.2 percent in 1978. Poland plans to decrease investments further by 10 percent in 1979 and to concentrate its resources in the crucial coal and electricity sectors.

24. Consumer Price Increases. Small advances in personal incomes were offset by the effects of both overt and suppressed inflation. Although administratively induced price increases were used throughout Eastern Europe the bulk of inflationary pressures remains suppressed, expressing itself through shortages and enforced savings. In Poland overt inflation was reported running at 8-9 percent, and in Hungary the inflation rate was 4.7 percent, caused partially by an average 50 percent increase in the prices of tobacco, beer, gasoline, and books. In Czechoslovakia selective price hikes in November on cars and alcohol allegedly set off strikes in at least two enterprises. Even in Romania, where inflation in its overt form is a comparatively new phenomenon, the 2.2 percent consumer price rise in 1978 was an absolute record. When added to suppressed inflation, such administered increases in the prices of consumer goods may increasingly hinder the East European countries from investing more funds in productive capital resources by leading to demands for additional state price subsidies and wage increases.

25. Foreign Trade Imbalances. Foreign trade, which is an important factor in the growth of Eastern Europe's national income, continued to be out of balance in 1978. Poland was able to improve its foreign trade situation partially by cutting back severely on imports from the West and increasing exports; but it still suffered a net convertible currency debt of around \$16 billion. Because of costly imports of consumer goods, feedgrains, and raw materials, the GDR's foreign trade with the West in 1978 was again out of balance by \$1.5 billion. Romania's trade balance moved from virtual equilibrium in 1977 to a \$0.7 billion deficit in 1978, due in large part to the adverse effects of the March 1977 earthquake. Bulgaria's hard-currency indebtedness arising from its unfavourable trade balance does not appear to have improved since the end of 1977, when it surpassed \$3.5 billion and caused the country's debt-service ratio to approach 85 percent. In light of these imbalances, Western countries can expect continuing pressures for product compensation trade and additional credits.

POSITIVE DEVELOPMENTS

26. Industrial Production. Industrial output for the area as a whole in 1978 did not diverge greatly from plan goals, and in most cases registered a respectable growth of around 5 percent.

Romania's industrial output, although below plan, increased by 9 percent. Among the best performers were the electrical engineering industries in Poland, Hungary, the GDR and Bulgaria; the machine tool and metalworking sectors in the GDR, Czechoslovakia, and Bulgaria; the pharmaceutical industry in Hungary; and chemical industries throughout the area. Growth in labour productivity - output per worker - generally did not come up to expectations, however, and part of the increase in value of industrial production may have come simply from price inflation. In Poland, and the GDR, industrial price inflation appears to have been especially pronounced in 1978. None the less, developments were generally positive in important industrial sectors.

27. Economic Integration. The completion in late 1978 of two much-publicized CMEA integration projects - the Orenburg Gas Pipeline and the Winniza-Abertirsa 750-Kilovolt Transmission Line - means that the energy situation of the East European countries participating in the projects ought to be alleviated somewhat starting in 1980. Although the pipeline is not yet completely operational, the USSR had pledged to pump eight billion cubic metres of gas through it to the CMEA countries in 1979, and the full capacity of 15.5 billion in 1980. With the eventual entry into full service of the transmission line, Hungary, the GDR, and Czechoslovakia are to receive up to 6.4 billion kilowatt hours annually from the Soviet Union. East European energy needs may eventually also be partially met under the so-called CMEA Long-Term Directional Programmes of Co-operation to 1990, which provide, in part, for the mutual construction of an additional 37,000 megawatts of nuclear generating capacity for Eastern Europe, an amount equivalent to 46 percent of its installed total generating capacity in 1977. The Directional Programmes, signed at the Thirty-Second CMEA General Session in June 1978, additionally call for specific measures for mutual production and deliveries of basic food products, fuels, and raw materials, and for further specialization and joint arrangements in machinery production. Because of Eastern European nationalistic sensitivities, however, the key element in CMEA integration is likely to remain East European participation with the Soviet Union in major investment projects undertaken at Soviet initiative and located for the most part on Soviet soil.

IMPLICATIONS FOR THE ALLIANCE

28. The East European states have found their growth rates in the late seventies depressed by a number of factors: rapidly rising costs of energy, much of which must be imported, a series of poor to indifferent harvests arising partially from adverse weather, and generally deteriorating conditions for their products on Western markets, not to mention seemingly intractable internal problems with management, construction, and transport. Through a variety of measures - from industrial reorganization in the GDR, to political pressure on enterprise managers in Czechoslovakia,

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to selective price reforms throughout the area - each country has attempted to solve its economic growth problems through more stringent and efficient use of capital and investment resources. In light of continuing labour shortages, declining labour productivity growth, and accumulating debt to the West, however, it is difficult to foresee other than further declines in growth for the area and increased measures of economic austerity. Since the Eastern European countries are so dependent on trade, including that with the West, for their economic well-being, the need for austerity could be intensified by continued unsettled conditions in the Western economies, by a decline in the availability of credits or in the willingness of Western firms to undertake compensation arrangements, or by an increase in measures designated to protect Western markets.

29. True progress toward economic integration might allow for more rational division of labour and greater economies of scale, but such advances will be slow in coming, if they will occur at all, because of strong nationalism. In the meantime, the Alliance can consider that the nations of Eastern Europe, partially because of their dependence on exportable Soviet energy reserves and on their possible need for Soviet financial support to offset growing credit liabilities to the West, represent a growing economic constraint on the USSR. On the other hand, they provide considerable investment for resource development in the USSR and serve as proving grounds for a variety of economic experiments to overcome problems they have in common with their powerful overlord.

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WEST AND EASTERN EUROPE: SELECTED INDICATORS OF ECONOMIC GROWTH
(Percentage change over previous period)

YEAR	1976	1977	1978	1979
	Plan			
National Income	5.0	3.9	4.0	4.3
Industrial Production	4.8	5.7	4.8	5.7
Ind. Labour Productivity	4.1	4.1	3.5	4.7
Agricultural Output	4.1	3.0	4.1	5.8
Foreign Trade:				
Exports	16.6	18.7	7.2	n.a.
Imports	7.7	4.7	14.8	n.a.

	Bulgaria				Czechoslovakia			
	1976	1977	1978	1979	1976	1977	1978	1979
				Plan				Plan
National Income	6.5	6.3	6.0	7	4.0	4.5	4.0	4.3
Industrial Production	6.7	6.8	7.0	7.8	5.5	5.7	5.0	4.5
Ind. Labour Productivity	6.5	6.5	6.4	n.a.	4.9	4.7	n.a.	4.6
Agricultural Output	4.1	-6.3	5.0	7.0	-2.3	7.9	1.5	3.8
Foreign Trade:								
Exports	14.5	18.2	n.a.	n.a.	11.8	11.7	9.4	n.a.
Imports	3.8	11.4	n.a.	n.a.	10.4	12.9	7.7	n.a.

	GDR				Hungary			
	1976	1977	1978	1979	1976	1977	1978	1979
				Plan				Plan
National Income	3.6	5.2	4.0	4.3	3.0	8.0	4.0	4.0
Industrial Production	6.4 ^a	4.0 ^a	5.4 ^a	5.5	4.8	6.8	5.2	4
Ind. Labour Productivity	5.2	4.2	5.0	n.a.	n.a.	7.2	5.3	n.a.
Agricultural Output	-8.8	10.3	n.a.	n.a.	-3.0	12.6	2.0	3-3.5
Foreign Trade:								approx.
Exports	12.6	5.8	10.0	n.a.	15.7	19.8	8.9 ^b	12.0
Imports	16.9	8.7	7.5	n.a.	7.3	18.0	23.2 ^b	n.a.

	Poland				Romania			
	1976	1977	1978	1979	1976	1977	1978	1979
				Plan				Plan
National Income	7.1	5.5	2.8	2.8	10.5	8.6	7.6	3.8
Industrial Production	9.3	8.6	5.8	4.9	11.5	12.5	9.0	11.5
Ind. Labour Productivity	7.1	4.7	n.a.	5.3	8.8	9.8	7.1	10.2
Agricultural Output	-0.7	0.8	4.2	3.9-4.8	17.2	-1.3	2.4	5.1-5.6
Foreign Trade:								
Exports	7.5	11.5	9.8	9.1	14.9	14.6	5.5	n.a.
Imports	10.8	5.5	4.7	5.1	14.1	19.2	14.7	n.a.

- a) Calculated on a monthly basis
b) Convertible currency trade only

Source: Official National Statistics

**USSR AND
EASTERN EUROPE: TRADE WITH DEVELOPED WEST(1)**
(in Million US \$)

	1974	1975	1976	1977	1978(2)
TOTAL E. EUROPE					
Exports	11,326	11,282	12,819	13,275	15,140
Imports	16,470	17,687	19,168	19,181	21,820
Balance	-5,144	-6,405	-6,349	-5,906	-6,680
BULGARIA					
Exports	466	474	628	608	700
Imports	990	1,289	1,050	997	1,270
Balance	- 524	- 815	- 422	- 389	- 570
CZECHOSLOVAKIA					
Exports	1,702	1,673	1,671	1,903	2,130
Imports	2,102	2,244	2,429	2,639	3,000
Balance	- 400	- 571	- 758	- 736	- 870
EAST GERMANY					
Exports	2,658	2,631	3,170	2,930	3,370
Imports	3,549	3,704	4,626	4,070	4,880
Balance	- 891	-1,073	-1,456	-1,140	-1,510
HUNGARY					
Exports	1,363	1,327	1,553	1,712	1,980
Imports	1,965	1,966	2,027	2,441	3,210
Balance	- 602	- 639	- 474	- 729	-1,230
POLAND					
Exports	3,042	3,278	3,563	3,852	4,260
Imports	5,335	6,199	6,798	6,374	6,160
Balance	-2,293	-2,921	-3,235	-2,522	-1,900
ROMANIA					
Exports	2,095	1,899	2,234	2,270	2,700
Imports	2,529	2,285	2,238	2,660	3,300
Balance	- 434	- 386	- 4	- 390	- 600
USSR					
Exports	8,226	8,382	10,269	12,064	12,666
Imports	8,092	13,473	14,360	13,575	15,986
Balance	134	-5,091	-4,091	-1,511	-3,320

(1) Includes all OECD countries plus Israel. All exports and imports are on a f.o.b. basis except Hungary, which reports its exports on a c.i.f. basis

(2) Preliminary estimate

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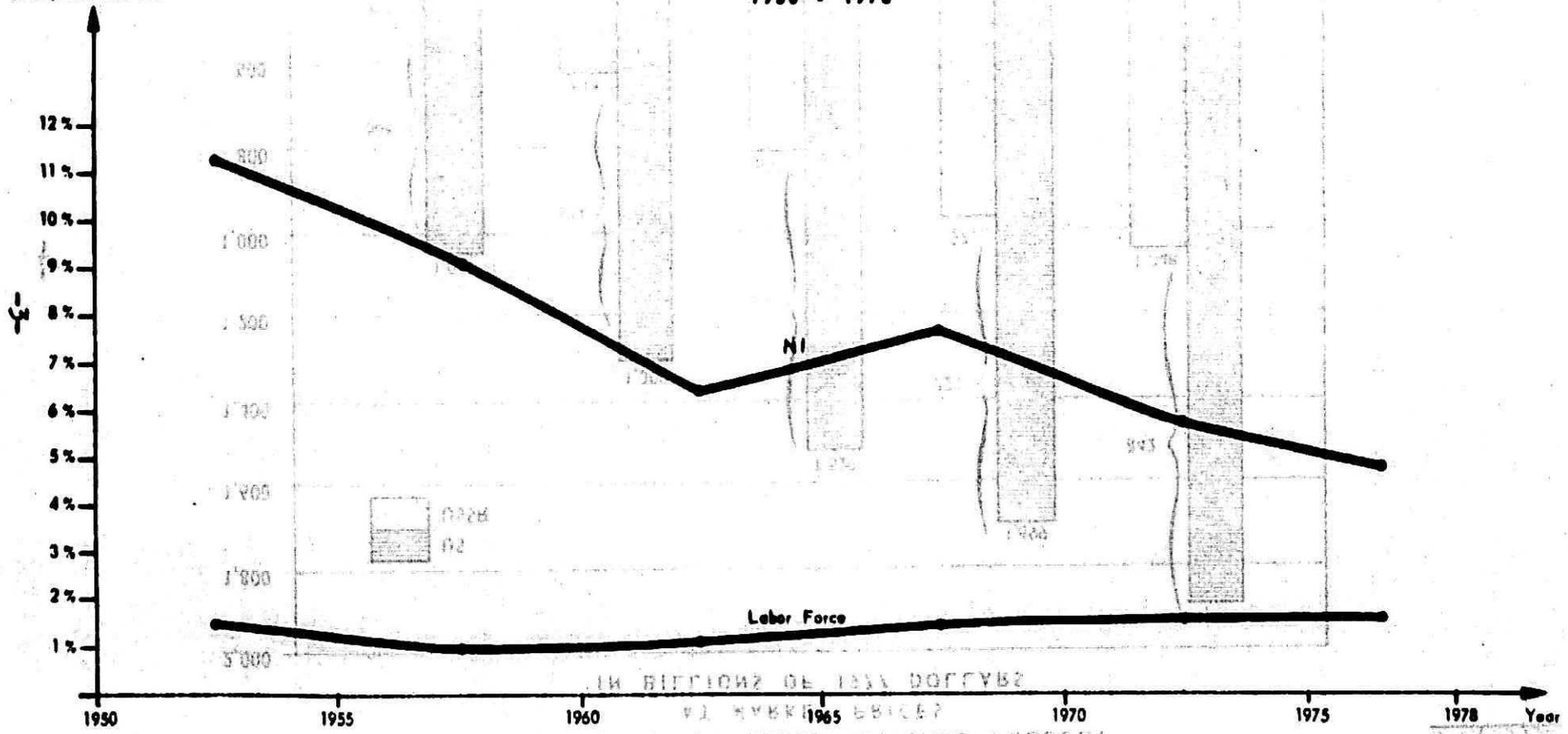
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ANNEX to
C-11(79)132

**USSR : AVERAGE ANNUAL RATES OF GROWTH
OF PRODUCED NATIONAL INCOME (NI)
AND LABOR FORCE
1950 - 1978**

Average Annual
Percent Change,
calculated by
Five-Year Periods
(except for 1975-78)



Sources : Official USSR Statistics (NI) and US Government estimates (Labor Force)

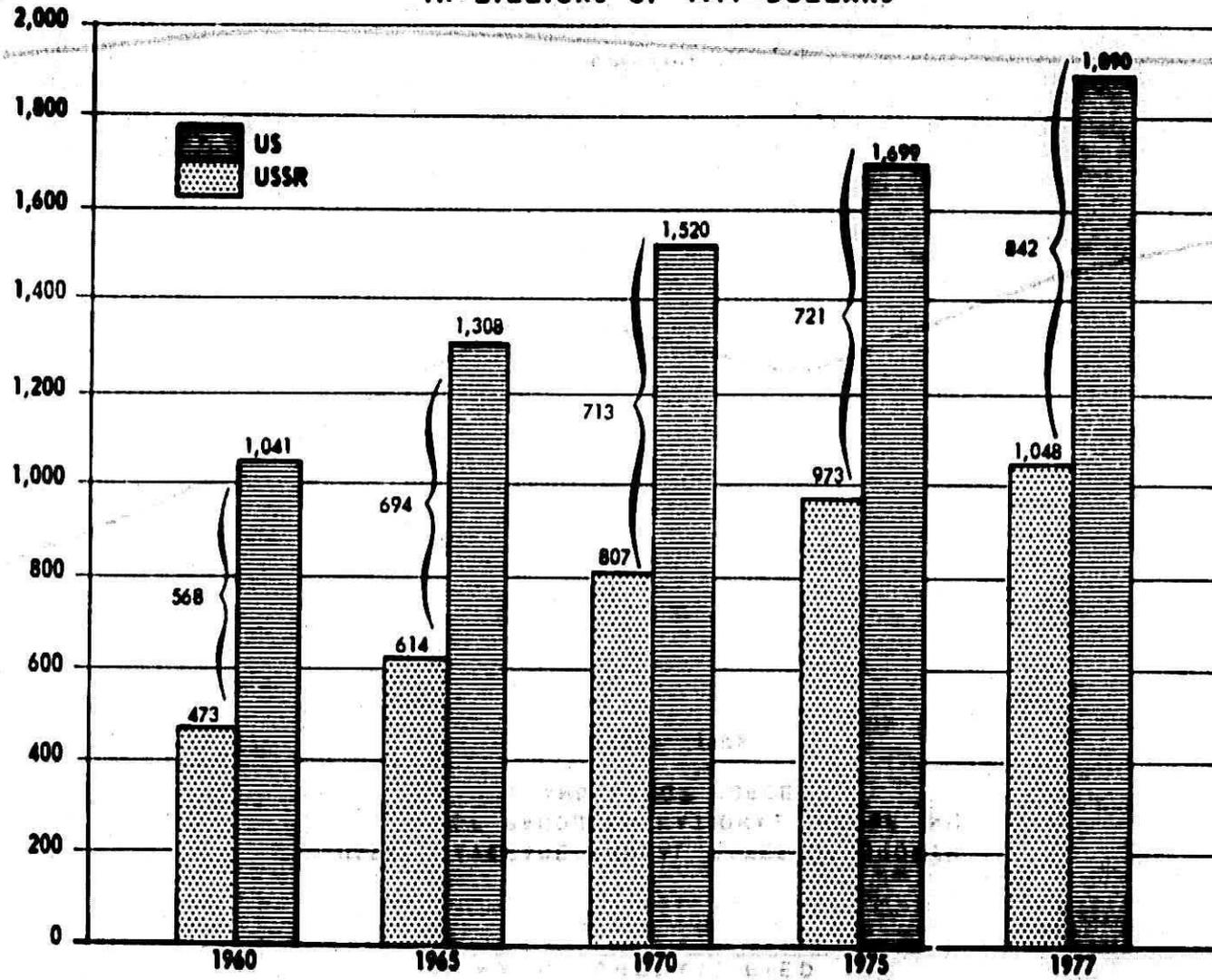
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**ANNEX to
EN(79)12**

**US AND SOVIET GROSS NATIONAL PRODUCT
AT MARKET PRICES
IN BILLIONS OF 1977 DOLLARS**

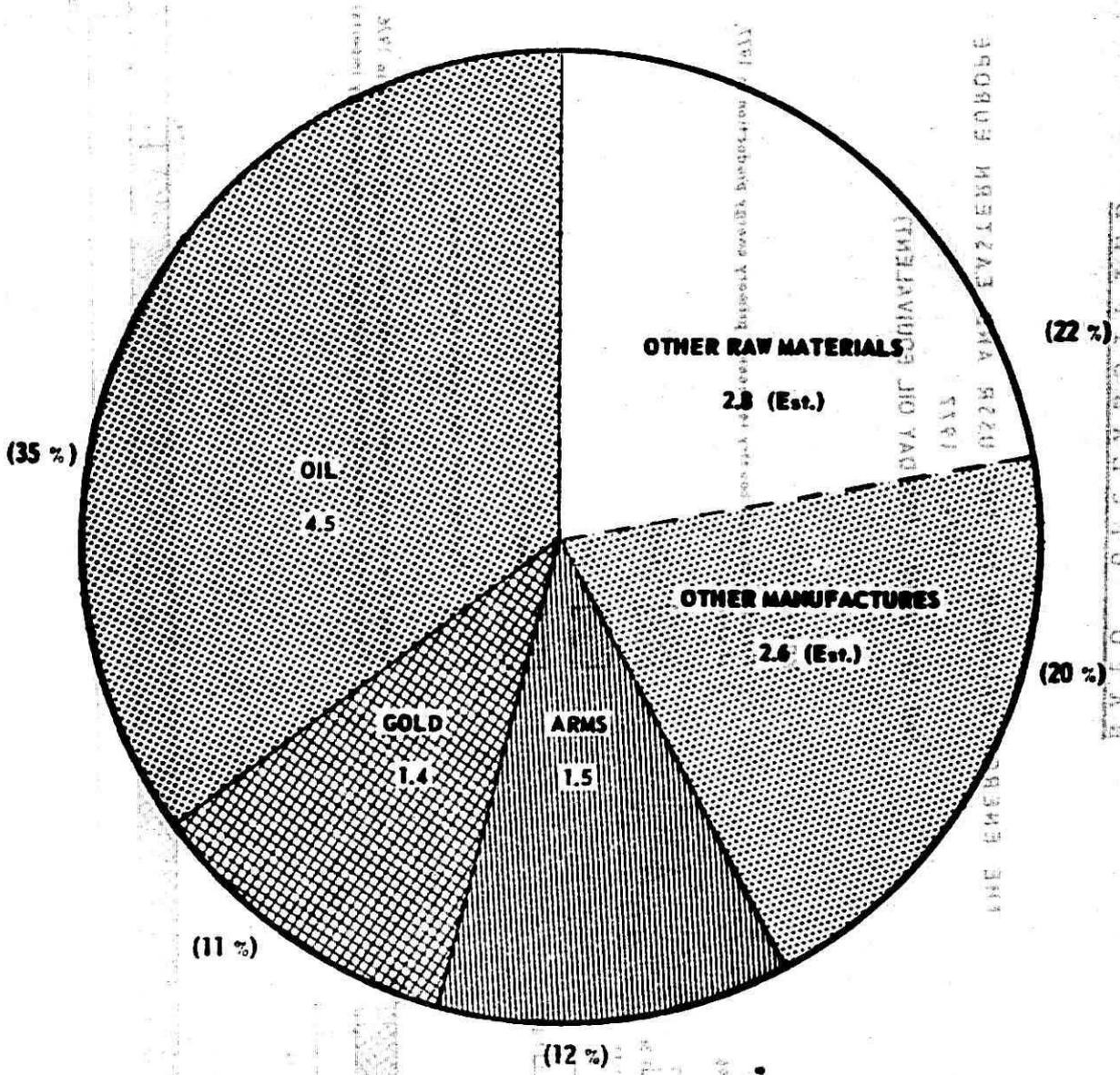


Source : US Government : Handbook of Economic Statistics, 1978, p. 17

FIGURE 2

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**SOVIET HARD CURRENCY
EARNINGS IN 1976.
(BILLIONS OF DOLLARS)**



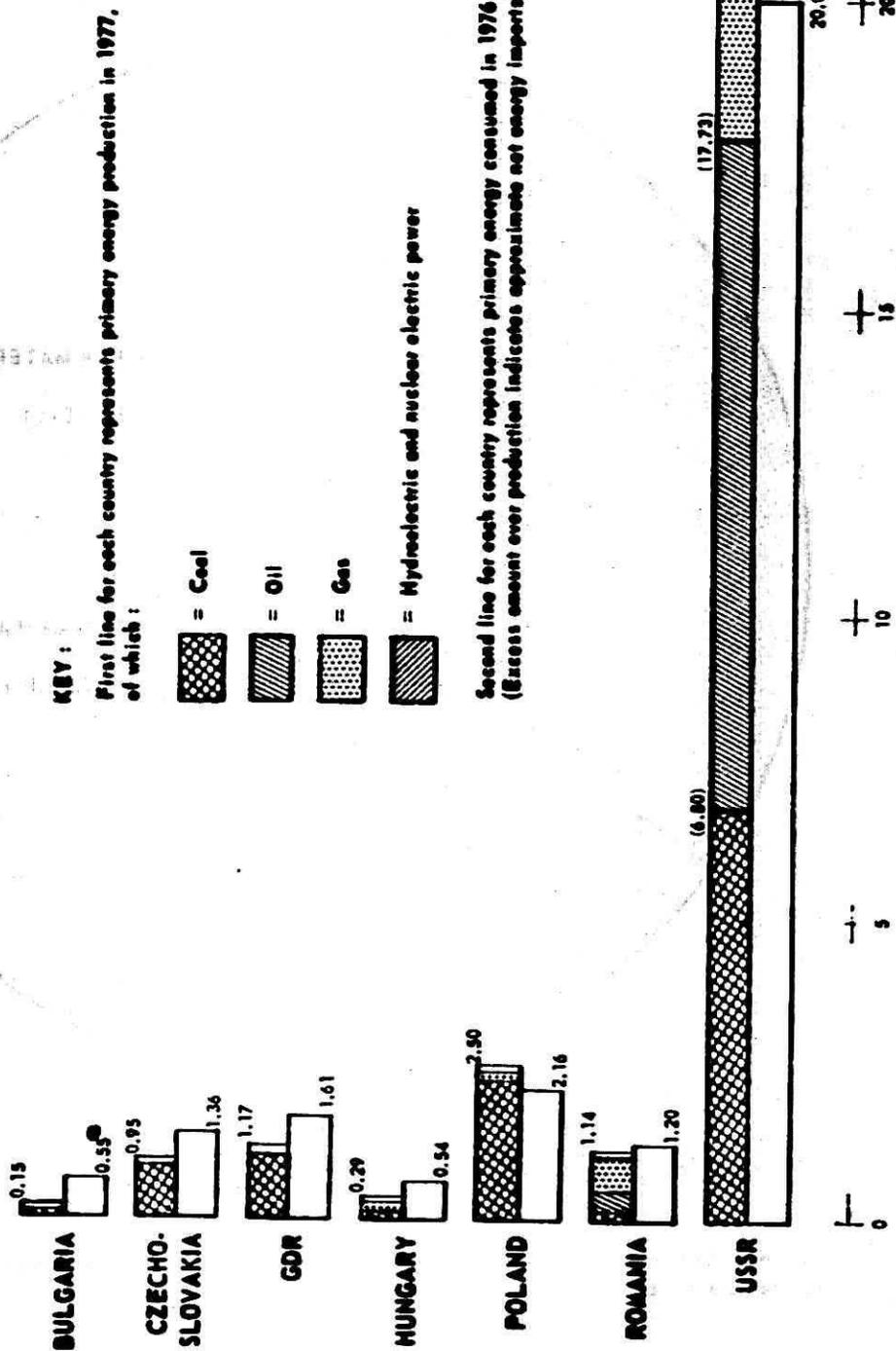
* Hard-currency Earnings from services, which include tourism and banking and shipping operations, represented a net loss of \$ 0.3 billion from the total shown.

Source : US Government

-FIGURE 3

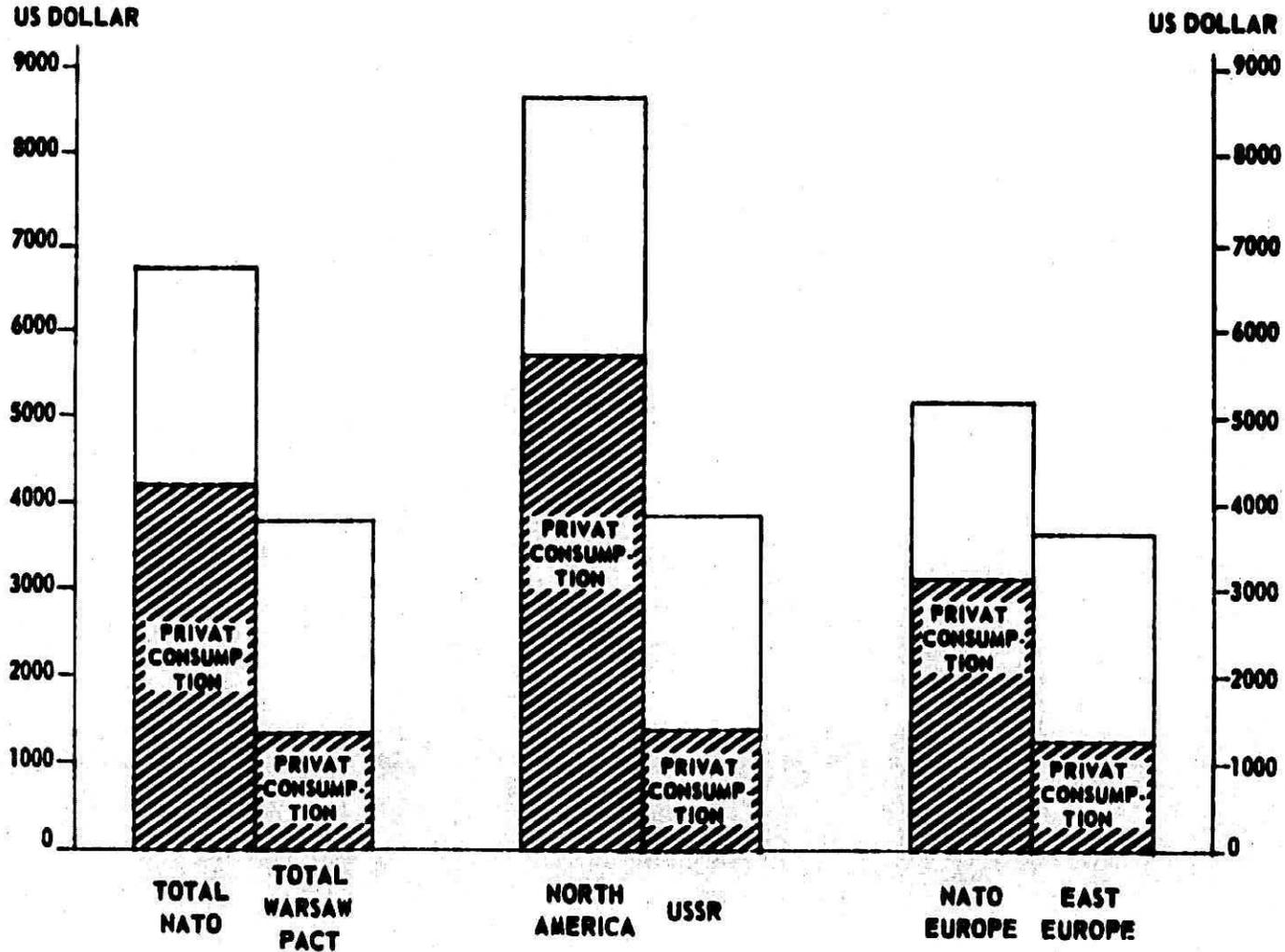
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THE ENERGY BALANCE IN THE USSR AND EASTERN EUROPE
1976 - 1977
(MILLION BARRELS PER DAY OIL EQUIVALENT)



Source: US Government: Handbook of Economic Statistics, 1978

GROSS DOMESTIC PRODUCT PER HEAD IN NATO
AND THE WARSAW PACT
1977



SOURCE : OECD AND IISS, LONDON

FIGURE 5