

CONSEIL DE L'ATLANTIQUE NORD
NORTH ATLANTIC COUNCIL

MF

EXEMPLAIRE N° 1
COPY

ORIGINAL: ENGLISH
22nd February, 1965

NATO CONFIDENTIAL
DOCUMENT
AC/127-D/184(Revised)

COMMITTEE OF ECONOMIC ADVISERS

THE LABOUR SITUATION IN THE USSR,
THE EASTERN EUROPEAN COUNTRIES AND THE
SOVIET-OCCUPIED ZONE OF GERMANY

Draft Report to the Council by
the Committee of Economic Advisers

The present report is submitted to the Council for information as the trends of the labour force in Communist countries are of interest to NATO to the extent that they affect:

- the rate of economic growth;
- the military potential of the Communist countries; this has seemed of special relevance at a moment when NATO is considering force planning for future years.

2. The attention of the Council had already been drawn in November 1963(1) to projections(2) established by an Ad Hoc Group on the growth of total populations in the USSR, Eastern European countries and the Soviet-occupied Zone of Germany. The present report is a summary of a further study(3) by the same Ad Hoc Group on likely trends of the labour force both in Communist and NATO countries. It is supplemented by an Annex reviewing briefly the position in each Communist country.

I. MAIN FINDINGS

3. Over the period 1964-70 the percentage increase of the total labour force(4) in the Soviet Union and in most Eastern European countries will be less than in the United States; on the other hand it will be greater than in NATO Europe.

(1) C-M(63)82

(2) AC/127-D/131

(3) AC/127-D/173 and Corrigendum

(4) Total labour force includes the civilian labour force (including the unemployed) and the armed forces.

	<u>1964</u>	<u>1970</u>	<u>% increase</u>
	(in millions)		
<u>European Communist Countries:</u>			
USSR	118.1	127.0	8%
Eastern Europe	51.3	54.8	7%
<u>NATO Countries:</u>			
USA	76.6	84.8	11%
NATO Europe	127.9	133.7	5%

4. However, both on the Communist and NATO sides the percentage increases vary significantly from country to country:

Variations in total labour force from 1964 to 1970

<u>NATO Countries(1)</u>		<u>Soviet bloc</u>	
Turkey	+ 17%	Poland	+ 13%
United States	+ 11%	Rumania	+ 9%
Netherlands	+ 8%	USSR	+ 8%
Portugal	+ 5%	Hungary	+ 8%
Denmark	+ 4%	Bulgaria	+ 5%
France	+ 4%	Czechoslovakia	+ 1%
Norway	+ 4%	Soviet-occupied	
United Kingdom	+ 4%	Zone of Germany	- 2%
Belgium	+ 3%		
Italy	+ 3%		
Federal Republic of Germany	- 1%		

5. Unemployment - contrary to what Communist leaders have often claimed and despite the fact that statistics conceal it - is not unknown in centrally planned economies. It exists in Poland, and in the guise of under-employment of part of the rural population in Rumania, Bulgaria and even Slovakia, although Czechoslovakia as a whole suffers from a shortage of labour. The Soviet Union itself has surplus labour resources in some regions (for instance, the Ukraine, Moldavia, Belorussia and Transcaucasus). At the same time there are labour shortages in the eastern and northern regions of the USSR, in the Soviet-occupied Zone of Germany and Czechoslovakia.

6. Attempts to make better use of the labour force available within the Communist bloc through movements of manpower have been timid; they have come up against both the rigidity of national plans and nationalist prejudices. In this respect the economic advantages derived from movements of labour in the West show the superiority of a free economic system and the efficiency of a freely accepted international co-operation.

(1) NATO countries for which projections are available.

DECLASSIFIED - PUBLIC DISCLOSURE / DECLASSIFIE - MISE EN LECTURE PUBLIQUE

7. Despite the migration of labour from the countryside during recent years, the agricultural labour force still represents a substantial part of the total labour force in the Communist economies; in 1962 the percentage was: 36% in Hungary, 40% in the USSR, 48% in Poland, 63% in Bulgaria, 66% in Rumania. Only the percentages for Czechoslovakia - 23% - and for the Soviet-occupied Zone - 18% - came close to those of the western industrialised countries(1). The size of the labour force employed in agriculture has not prevented this sector from becoming one of the main bottlenecks in the development of the Communist economies, this is especially due to the failure of the socialist structure of agriculture, to the low productivity of agricultural labour and to the inadequacy of the available mechanical and technical means.

8. In many Communist countries women represent a large proportion of the employed labour force (50% in the USSR against 34% in the United States) and play an important rôle in all sectors of the economy; married women in urban areas constitute, in some cases, the largest and most readily available labour reserve.

9. Labour productivity in Communist countries is generally lower than in western countries(2). The development of mechanisation and automation should allow it to rise in varying proportions from one Communist country to another. But the spread of the new methods poses in the short run the problem of training as quickly as possible executives and technicians and in the longer run that of giving adequate training to the unskilled labourers.

CONCLUSION

10. The facts and figures summarised above suggest that, should this appear necessary, the United States would be in a better position than the USSR and other European Communist countries to increase the manpower in the forces, while this would prove more difficult for NATO Europe.

11. They also suggest that, broadly speaking, the United States, as far as manpower is concerned, have better prospects of economic growth than the Communist bloc while Europe may be in a

(1) Percentages in the West were the following: United Kingdom 4%, Belgium 7%, United States 8%, Netherlands 10%, Federal Republic of Germany 13%, Denmark 19%, France 20%, Norway 21% and Italy 27%.

(2) For a comparison between the USSR and the United States, see Table III of Annex III to document AC/127-D/173.

DECLASSIFIED - PUBLIC DISCLOSURE / DECLASSIFIE - MISE EN LECTURE PUBLIQUE

less favourable position. However, the effects of the trends in manpower on the rate of growth vary widely from one country to another according to the stage of economic development, the geographical distribution and mobility of manpower, the rate of unemployment, the respective proportion of men and women employed, the progress of productivity, etc. Many of these factors would seem to be in favour of the West.

(Signed) F.D. GREGH
Chairman

OTAN/NATO,
Paris, XVIe.

DECLASSIFIED - PUBLIC DISCLOSURE / DECLASSIFIE - MISE EN LECTURE PUBLIQUE

ASSESSMENT OF THE LABOUR SITUATION UP TO 1970 IN
INDIVIDUAL COMMUNIST COUNTRIES

1. In the Soviet Union during the past five years the growth of the labour force has been practically stopped by the entry into it of the depleted wartime age groups. However, between 1965 and 1970, there will be a rapid recovery in the amount of available labour, which would even allow an expansion of the armed forces if this were deemed desirable by the Soviet leaders. The problem will no longer be one of finding sufficient labour to ensure the growth of the economy but rather to achieve the best possible sectoral and geographical distribution of skilled labour. In spite of the implementation of an educational system aiming at an accelerated training of technicians and engineers, the shortage of the former compels the latter to take up positions in many branches of the economy where their qualifications are not used to the best advantage. Furthermore the eastern and northern regions of the country require several million labourers but the programmes employed to direct manpower to these areas on a permanent basis have, by all accounts, produced rather meagre results. The growing rate of labour turnover in the Soviet economy confronts the authorities with an additional problem to solve. Finally, the planned increase in labour productivity has been only partly fulfilled, largely as a result of the failure to introduce new technological methods and a shortage of technicians.

2. In Poland the population has been growing continuously since the end of the second world war. In 1970 the economically active population will exceed by 1.8 million its 1964 level, and to absorb this increase available jobs will have to augment by 13%. Persons seeking work exert a very strong pressure on available vacancies especially in the urban sectors of the economy. In order to make it possible to find employment for those young people who will shortly be entering the labour market, the government has restricted, in 1964 and in 1965, the creation of new employment opportunities; this action has resulted in some unemployment. Existing difficulties are made worse by a substantial migration of rural manpower. The financing of sufficient investments to absorb the newcomers on the labour market without straining the economy in general and the balance of payments in particular poses difficult problems to the authorities.

3. The Soviet-occupied Zone of Germany is experiencing a severe manpower shortage; since 1950 the fall in its population of working age has been more than proportionate to the decline in the total population. In 1970, the civilian labour force will be 2.1% below its level of 1964. As the hiring of foreign workers seems unlikely, this reduction can only be offset - in part - by an increase in productivity. With this end in view, the present régime may not only introduce technological improvements but also intensify existing pressures on the labour force.

4. Czechoslovakia, in spite of a much depleted population after the second world war, was able to achieve its economic expansion by drawing from agriculture the labour required by industry. But in recent years a labour shortage has adversely affected both industry and agriculture. Paradoxically some under-employment persists in Slovakia; the authorities discourage labour migration from this region lest it should inhibit its economic development which is already behind that of the rest of the country. Demographic development will allow virtually no rise in the labour force between 1965 and 1970; only increased labour output and technical advances will enable the economy to develop. Raising of the minimum school-leaving age, increases in statutory holidays or general reductions in working hours seem unlikely during the next five years.

5. Hungary, as all the semi-industrialised countries of Eastern Europe, has been able to achieve high rates of growth by drawing labour from agriculture and re-allocating it to other sectors. In view of the present abundance of manpower, the authorities do not seem to have been particularly worried about its efficient and rational use. The natural growth of the economically active population and the entry of rural workers into the urban labour force will make it possible to avoid manpower problems between 1965 and 1970; it appears, however, that after that period the Hungarian economy will increasingly depend on growing productivity for further growth.

6. In Rumania the rate of industrialisation, though rapid, does not allow the absorption of the surplus agricultural labour force; the proportion of the latter in the total labour force will until 1970 remain one of the highest in Europe.

7. In Bulgaria, it is expected that the percentage of the agricultural labour force in the total labour force will decrease from the high figure of 63% in 1962 to 45% in 1970. According to the 20-year plan (1960-80) the services sector of the economy in particular will, during the next few years, grow at an unusual pace for a Communist country.