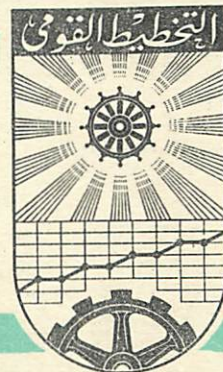


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Plan Indicators of Improvement of People's
Living Standard and Methods of Elaboration
Of Most Important Indicators thereof

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Plan indicators of improvement of people's
living standard and methods of elaboration
of most important indicators thereof

1. Improvement of people's living standard is the major goal of socialist production development. This goal is reflected in a number of state plan sections and first and foremost in the aggregate plan section on improvement of people's well-being.

Possibility of planning of people's well-being consists of general regularity of socialist economy, regularity of production development, planning of services sphere and distribution of incomes as well as of other indicators.

At all stages of economic construction the national economic development plans envisaged allocation of resources for steady rise in people's well-being, formation and development of socialist way of life. Thus deciding within the first five-year plans the questions pertaining to the country's industrialization, collectivization of agriculture the state plans envisaged large means for development of people's consumption, elimination of unemployment, illiteracy of population, for security of general free health services and other problems.

At the present stage of the USSR development the availability of economic potential, steady growth of public production efficiency, scientific and technical progress facilitate to achieve more multiform targets on the growth of people's living standard and first and foremost on solution of vital social problems such as provision of well-being of all population strata including urban and rural population, families with

many children, pensioners as well as on complete solution of housing problem, etc.

While elaborating the national economic development plans the social and economic targets on growth of people's well-being are determined at the initial stages of their elaboration proceeding from the goals and targets stipulated by the programme and directive documents. The said goals may be achieved on the basis of further steady national economic development, increase in public labour productivity.

The planning of people's well-being covers a wide range of economic phenomena in the field of consumption, distribution, exchange and directly production to a certain extent.

Attaching unabated attention to solving problems of material well-being growth (growth of incomes and consumption) in the plans more and more room is at present devoted to meeting spiritual interests of the working people.

2. The planning of people's well-being is based on coordinated use of two principles: complex and purposeful approach to solution of these problems.

Provision of complex approach to solution of social problems consists of plans coverage of all sides of people's living standard, their interrelation with respect to major trends of people's well-being growth.

The purposeful character of living standard planning covers determination of social goals relating to the given development period proceeding from the perspective targets of socialist society development. A thorough economic analysis,

studies of phenomena and processes taking place in the social life of society precede the above fact.

3. The indicators of people's living standard are worked out at the preliminary stages as well as at the final stage of work over the plan.

The procedure of working out the indicators of living standard in the national economic plan is as follows:

There are determined major goals and targets of economic development and growth of people's well-being proceeding from the programme documents.

Based on the said goals prepared is an estimate of major indicators of people's living standard and determined is a priority of implementing individual targets taking into account a complex solution of problems of improving the people's well-being.

Considering the above prepared is an estimate of national income volume based on microeconomic models as well as determined is a structure of its use for consumption fund and accumulation fund.

Estimated is a volume of consumption fund required for solution of stipulated targets on the growth of people's living standard and determined is its structure pertinent to the private consumption fund and public consumption fund. Determined is a non-productive accumulation-capital investments for non-productive sphere development.

Based on the projections on improvement of living standards determined are targets of sectors for production of consumer goods and development of services sphere.

Taking into account possible production clarified are the

volume of population consumption of commodities and services, provision of housing facilities and other indicators of people's well-being development.

Simultaneously, proceeding from the volumes of national income and consumption fund substantiated are the estimates of key indicators of living standard-growth of actual incomes of population.

A possible growth of population incomes is determined, provided the growth of incomes and consumption is balanced. The growth of major incomes sources is coordinated with national economic development (See Appendix No. 1).

4. The role of living standard indicators in the national economic plans as well as methods of their elaboration depend on the period for which this plan is worked out (long-term - 15 year, five-year or annual plans).

While elaborating the plans for prolonged perspective the targets on people's living standard growth act as goals of developing the whole national economy proceeding from which the targets on all other plan sections are worked out. This method may be referred to as rated purposeful method of planning the people's well-being indicators. The said approach is based on the fact that in the conditions of long continuity of planned period created are the objective prerequisites for solution of vital problems in the field of improving the people's living standard.

While elaborating a long-term plan on improvement of people's living standard used widely are various forms of scientifically-

grounded norms and rates (namely, norms and rates of rational nutrition pattern, provision of housing facilities, public utilities, etc.)

While preparing the five-year and current plans the living standard indicators are formed on the basis of thorough and all-sided analysis of established tendencies and their change taking into account the targets of a long-term plan as well as on the basis of volume of national income planned resources.

5. The system of indicators characterizing all sides of people's life, material as well as spiritual, is worked out in the national economic plans.

The system of indicators comprises synthetic indicators that reflect in general the people's standard of living and particular indicators that characterize its individual sides.

The indicators of people's standard of living to be used in the national economic planning are as follows:

Indicators of population incomes

- 1.1. Average wages and salaries of workers and employees.
- 1.2. Minimum wages and salaries of workers and employees.
- 1.3. Monetary and physical incomes of collective farmers from public farms and private auxiliary farms.
- 1.4. Average pensions on retirement including:
 - workers and employees
 - collective farmers

Indicators of people's consumption

- 2;1. Volume of retail commodity turnover of state and cooperative trade per capita.

- 2.2. General foodstuffs consumption per capita a year
(including consumption from private auxiliary farm).
- 2.3. Consumption of non-foodstuffs per capita a year.
- 2.4. Provision of population with durables (per 100 families).

Indicators of housing facilities and public
utilities to be provided to the population.

- 3.1. Commissioning of housing facilities.
- 3.2. Average provision of general housing facilities per one dweller
 - total
 - in urban areas
 - in rural areas
- 3.3. Beautification level of housing fund.
- 3.4. Consumption of major public utilities

Indicators of education development

- 4.1. Provision of children with preschool institutions
- 4.2. No. of pupils in a secondary school.
- 4.3. Intake of students in a nine grade and technical schools
- 4.4. Enrollment of students in higher and specialized secondary educational institutions.
- 4.5. No. of persons having various forms of education per 1000 persons engaged in national economy.

Development of Health Services
(absolute number and per 10000 persons)

- 5.1. Number of hospital beds
52. Number of doctors

- 5.3. Number of beds in sanatoriums
- 5.4. Number of places in rest houses, boarding houses, tourist camps.

Development of cultural service institutions

- 6.1. Issue of printed matter
- 6.2. Number of seats in cinemas for 10000 persons
- 6.3. Number of cineprojectors in rural areas
- 6.4. Number of visits to cinemas, concerts, theatres per capita
- 6.5. Number of public libraries
- 6.6. Number of club institutions and houses of culture
- 6.7. Average daily volume of TV and radio broadcasts
- 6.8. Output of full-length films.

Aggregate indicators of living standard

- 7.1. National income to be used for consumption per capita
- 7.2. Actual incomes of population per capita
- 7.3. Resources for population consumption
- 7.4. Total volume of population consumption of commodities and services per capita
- 7.5. Population consumer budget at an average and by families of workers, employees and collective farmers.
- 7.6. Public consumption funds: absolute amount and per capita
- 7.7. Index of retail prices on commodities and services
- 7.8. Duration of a working week
- 7.9. Duration of annual paid leave
- 7.10. Expenditure on labour protection

6. The said system of people's living standard indicators includes the indicators characterizing all sides of people's life: material, social, spiritual, etc. The population life level for all indicators is characterized first and foremost by the achieved growth as against the base year (per capita).

Alongside the above carried on is the estimate of a degree of meeting the vital needs of population. In this respect the following formula may be used

$$\sum_{i=1}^n \frac{\pi_i}{H_i} = \max$$

at

$$H_i > \pi_i \quad 0 \leq \pi_i \leq \sum \pi_i$$

H - requirement in i - weal

π - consumption volume

The level of majority of population requirements in the planning practice is characterized with the help of rates of consumption or provision that are estimated by scientific organizations. Carried on is also a comparison of population consumption level with estimates of solvent demand.

The particular important place at planning of people's consumption in the USSR is taken by an indicator of volume retail commodity turnover that shall correspond to structure of and structure of population solvent demand.

The balance of monetary incomes and expenditure of the population is the most important instrument for substantiation of retail commodity turnover plan.

The estimates of this balance are used for other sections of living standard plan. The content of this balance and the

brief characteristic of estimate methods are given in Appendix.

7. All plan indicators of living standard in the national economic plans are worked out with respect to social groups in order to create favourable conditions for all strata of the population and first and foremost for workers, employees and collective farmers.

Altogether with the above a specific feature of consumption of individual population groups is taken into account. The indicators of people's well-being are worked out for Union Republics as well taking into account their national and territorial differences as well as for urban and rural population. Carried on are estimates of living standard in some areas to be particularly important for the country's development. All these estimates are aimed at possible more-fully meeting the population requirements and eliminating unjustified differences.

8. The specific indicators and methods of their estimates are used for each section of living standard plan.

The general indicators to be particular to a number of sections are as follows:

<u>Indicators</u>	<u>Examples</u>
Volume of population consumption of individual kinds of material and spiritual weals	Volume of retail commodity turnover, various services
Capital investments and commissioning of fixed assets by sectors rendering direct services to the population	Housing, social and cultural construction

Development of the network
of establishments rendering
services to the population

Schools, technical schools,
higher educational institu-
tions, hospitals, trading or-
ganizations, living houses
(square)

Number of population receiving
any kind of material weals and
services

Number of workers, employees,
collective farmers, pensione-
ers, scholars and students.
Number of population provi-
ded with flats.

Amount of monetary incomes to be
received by the population with
their differentiation.

Average wages and salaries
of workers and employees,
pay for labour of collective
farmers on account of pub-
lic farms.

The above indicators of people's living standard are inter-related and complexly reflected in the plans. The majority of them is taken into account also in the estimates of the state budget, particularly means for free education and health services, pension security, donations for maintenance of housing fund and others.

All indicators of living standard are determined taking into account monetary and commodity resources available in the economy within the plan period. In this respect the indicators of living standard are thoroughly substantiated by basic balance estimates and first and foremost by estimates of national income, balance of

monetary incomes and expenditure of the population, consolidated financial plan, commodity resources and other estimates.

The planning of living standard uses also various norms and rates: for population requirements in commodities and services, for estimates of necessary financial expenditure (upkeeping of one scholar, student, patient), for determination of requirements in specialists for non-productive sphere sectors and others.

This report considers in more details the most complicated problems of planning the synthetic indicators of living standard.

The analysis of established general level of population incomes and expenditure by individual areas of the country as well as by social groups is of great importance to planning of living standard.

The USSR carries on the detailed statistics for all basic indicators of living standard, processes the data 60 thousand budgets of individual families and carries on special sample surveys related to individual problems (e.g. in population distribution by a level of total incomes, provision of housing facilities, availability of material, etc.)

9. The indicator of actual incomes growth per capita is the basic general indicator of living standard in the practice of socialist planning.

Actual incomes of population

They represent the portion of country's national income that is used directly for population consumption. The indicator of population actual incomes includes private incomes of popula-

tion as well as receipts from public funds. They do not reflect the whole cost of services but they reflect only material expenditure in the sectors of this sphere. The said method of estimates proceeds from a relevant methodology of national income accounts. The actual incomes of population are estimated as per capita and by two main social groups—workers, employees and collective farmers. In order to characterize the dynamics of actual incomes the latter is estimated at comparable prices.

The actual incomes of population in the plan period are expressed as follows:

$$D_t = \frac{P_t}{L_t} \quad (1)$$

where:

D_t — actual incomes per capita,

P_t — fund of actual incomes,

L_t — number of population.

The fund of actual incomes of population in the USSR by its volume and content considers with the consumption fund in the national income and depends on the volume and structure of consumption as follows:

$$P_t = \gamma C_t$$

where:

γ — coefficient stipulating the ratio in volumes of the fund of actual incomes and consumption resources,

C_t — consumption resources in the national income

The amount of consumption resources is determined taking into account the commodity resources and development of services sphere. Alongside the above it is considered that the amount of consumption fund depends on the efficiency of accumulation fund use. In this respect the following formula may be used:

$$C_t = V_0 (1+ea)^t (1-a) \quad (3)$$

where:

V_0 - national income in the reported year;

e - return of funds,

a - share of productive accumulation in national income,

$(1 - a)$ - share of consumption resources in national income,

t - number of years in the plan period.

As a whole the actual incomes of population per capita subject to the amount of national income and substantial factors of its growth may be expressed as follows:

$$D_t = \frac{\gamma V_0 (1+ea)^t (1-a)}{L_t}$$

The initial role in determining the growth of consumption and actual incomes is played by the policy of directive bodies with respect to achieving the target on improvement of people's living standard. In the meantime the USSR has embarked the course for speedy growth of people's well-being with simultaneous further considerable development of economic potential and strengthening of defence.

For the past decade (1965-1974) the major indicators of people's living standard increased by:

National income	- 1.8
Retail commodity turnover of state and cooperative trade	- 1.9
Actual incomes per capita	- 1.6
Average wages and salaries	-1.5
Incomes of collective farmers	- 1.8
Payments and advantages from public consumption funds	- 2.0

10. The diagram of estimates of population actual incomes in social aspect is attached (See Appendix No. 2). The basic elements of these estimates are formed as follows:

Monetary incomes - as per balances of monetary incomes and expenditure of population.

Wages and salaries-based on the estimates of payment for labour

Incomes of collective farmers - from plan sections on agriculture

Change of savings and compulsory payments - as per balance of monetary incomes and expenditure of population

Incomes in kind - as per balances of agricultural produce

Material expenditure - from plan sections on development of non-productive spheres.

Change in prices (index of prices) - plan estimates for a level of average prices as well as state policy in the field of price formation.

The total increase in the fund of actual incomes is divided into two parts:

- increase in incomes for provision of population under existing conditions. This part of incomes increase takes into account the growth of labour productivity, improvement of qualification of persons employed, change of structure of national economy sectors, etc.;
- means to be allocated for taking new measures on improvement of living standard.

This part reflects the means that are allocated by the state for rising the level of wages and salaries, payment for labour of collective farmers, pensions and other measures in the field of improvement of living standard.

11. The estimate of general volume of population consumption of material weals and services is carried on side by side. This estimated indicator includes the total volume of private consumption of population as well as all payable and free services at their full cost. The total volume of consumption of material weals and services is more than the fund of actual incomes of population, for it includes the total volume of expenditure on services of non-productive sphere.

Total volume of population consumption of material weals and services

The total volume of consumption of material weals and services consists of:

- I. Consumption for all foodstuffs and non-foodstuffs for all consumption sources:
 - purchase in state and cooperative trade;
 - purchase in the market and commission trade;

- in-kind consumption of products from private auxiliary farms;
- other consumption sources.

II. Consumption of provision of population with payable and free services:

- payment for productive domestic services;
- payment for non-productive domestic services;
- gross production of sectors that provide the population with gas, water, electric power;
- expenditure of population on passenger transport;
- expenditure of population on communication services;
- expenditure on maintenance of housing and public utilities;
- expenditure of society on health services, physical culture, social security;
- expenditure of society on education;
- expenditure of society on maintenance of culture and arts sectors;

The volume of free services includes all expenditures of society to be in the relevant institutions that render service to population except overhaul repairs and capital construction.

The volume of services to be rendered to the population by non-productive sphere sectors for payment is assumed to be at the amount of population monetary expenditure on these purposes.

12. The balance of monetary incomes and expenditure

of population is the major instrument of balanced growth of monetary incomes, retail commodity turnover, payable services and savings.

The balance of monetary incomes and expenditure of population facilitates, in conformity with the growth of population monetary incomes, to correct determine the requirements in commodities and services. The plans of production development of consumer goods, retail commodity turnover, development of all kinds of payable services shall correspond to solvent demand of individual groups of population.

Considering the multiform social composition of the ARE population the said balance may be prepared for individual groups of population. It will facilitate to reveal the sources of incomes and channels of expenditure of individual social groups, character and amount of redistribution of incomes among these strata of population (See Appendix No. 3).

13. Planning of public consumption funds

The public consumption funds include free or favourable material weals extended to the population and services for consumer needs as well as monetary benefits in addition to incomes related to labour.

Sources of public consumption funds are as follows:

- state budget;
- resources of individual enterprises;
- resources of collective farms, trade unions and other social organizations.

Weals or services to be partially paid are taken into account in the public consumption funds, population payments be-

ing deducted.

The volume of public consumption funds takes into account the expenditure on current maintenance of social-cultural institutions (including wages and salaries of their personnel) as well as wear and tear of fixed non-productive assets of these institutions.

While planning the public consumption funds stipulated are individual items and elements unified by their designation in the following groups:

- upkeep and upbringing of the rising generation;
- training of personnel;
- protection of health and recreation of the population;
- upkeep of aged and disabled (invalid) members of society;
- public social and cultural service of the population;

Apart from the above the public consumption fund is distributed as per forms of extension:

- monetary benefits;
- material weals;

as well as for social groups of population:

- workers and employees
- collective farmers.

The estimates of public consumption funds by individual items are made on the basis of data on relevant plan indicators of people's living standard. Particularly for sections 3,4,5 & 6

The said estimates do widely use the data of relevant departments of the USSR Gosplan as well as of the USSR Ministry of Finance and the All-Union Central Trade-Unions Council.

14. Estimates of family consumption budget

The consumption budget is a synthetic value indicator that stipulates the volume and structure of population consumption of material weals and services.

The consumption budget may be used for the estimates of:

- volume and pattern of production assisted by input-output balance' model;
- consumption fund in the national income;
- retail commodity turnover;
- volumes of incomes of population and its individual groups.

The actual, planned and rated (rational) consumption budgets are worked out in the practice of planning.

The actual consumption budget is estimated on the basis of expenditure incurred by the population or individual groups. In this respect used are the general data and materials of sample budget surveys of the USSR CSA.

The planned consumption budget prepared on the basis of growth of population incomes and consumption provides for coordination of production and consumption in the plan year.

The rated or rational consumption budget represents a scientifically grounded hypothesis of level and structure of population consumption. It is based on the recommendations of

consumption volumes (as per capita) of foodstuffs made on the basis of scientific medical researches as well as of non-food-stuffs and services taking into account the prospects of development of human requirements under the conditions of modern life, etc.

The comparison between the rated consumption budget and the actual and planned budgets shows a degree of meeting the requirements and major trends of consumption development.

The basic portion of material wealths and services is used by the population on account of individual (private) incomes and reflected in the private consumption budget.

General diagram of estimates for individual
consumption budget

Incomes	Consumption, saving and other expenditures
1. Monetary incomes-total a) wages and salaries and incomes similar to the wages and salaries b) monetary incomes from collective farmers c) pensions, allowances and scholarships d) receipt from financial system. 2. Incomes in kind -total a) receipts from collective farms b) receipts from private auxiliary farms c) additional estimation of in-kind consumption to retail prices	1. Consumption of commodities-total including: a) foodstuffs of which: - by basic types b) non-foodstuffs of which: - by basic types 2. Services to be paid-total of which: - by types of services 3. Compulsory and voluntary payments 4. Monetary savings Consumption, expenditure and savings- total
Individual rated incomes - total	

The consumption takes into account all channels and sources of receipt of consumer weals and services through the consumption channels (public and private).

To get the complete volume of consumption budget it is required to add to the individual consumption budget the cost of material weals and services to be rendered to the population free from public consumption funds. (It requires mainly additional nutrition at the production and from a children's kitchen, free education; health treatment, etc.)

The planned consumption budgets are worked out mainly at preparation of five-year and long-term plans.

The data of these budgets are used for planning of all indicators of living standard and first and foremost of actual incomes of population, retail commodity turnover, development of services sphere, etc.

15. Differentiated balance of incomes and consumption of population

15.1. The differentiated balance of incomes and consumption of population is such a balance of incomes and consumption in which the data on incomes and consumption of population are represented for the whole population as well as for basic social groups and within the latter - for groups of families with various level of material well-being.

15.2. While making a model of differentiated balance used is a method which essence is that the materials of national economic balance are the initial ones and the data of budget statistics

are used for distribution of national economic data by population groups at least due to the extent of their representation.

In the long run the differentiated balance of population incomes and expenditure acts from the very beginning as an integral component and further concrete definition of national economic balance.

15.3. The actual differentiated balance consists of the following models:

- model of structure of individual incomes by social and income groups;
- model of population distribution by a level of individual per-capita income in a social aspect;
- model of consumption structure on account of individual incomes by social and income groups (hereinafter referred to as a differentiated model of individual consumption);
- model of family size and composition for social and income groups;
- model of consumption of free services for social and income groups;
- aggregate differentiated model of consumption of material wealths and services.

15.4. The initial materials for elaboration of differentiated balance are the estimates of consumption fund in the national income to be used, actual incomes of population, gross and net agricultural produce, commodity provision of turnover, balance of monetary incomes and expenditure of population, public consumption funds as well as statistical materials of household budgets (data on incomes and consumption of industrial workers and collective

farmers by groups with a various level of material well-being).

15.4. The sum of individual rated incomes of population in the said model of differentiated balance shall be balanced with the volume of consumption of material weals and payable services and expenditures on payments in the budget, contributions to social organizations, etc. and for savings.

15.6. Carried on is an estimate of volume of individual rated incomes of the whole population and by basic social groups proceeding from the estimate of population actual incomes.

The volume of individual rated incomes is determined by deduction out of the total sum of population rated incomes (as per estimates of actual incomes) of material expenditure in the sphere of population service, net production of individual construction as well as losses of net products of auxiliary farms and additional estimation of actual incomes with respect to the in-kind consumption to the extent of retail prices.

15.7. Determined is a consumption composition of the whole population by types of weals to be consumed (in monetary terms).

The number and composition of groups that individually consume material weals are fixed in accordance with the classification stipulated in the elaborated data of budget statistics.

The consumption in kind is additionally evaluated hereby to the extent of state retail prices.

The individual consumption of material weals is supplemented with the consumption of payable services (as per the data and classification of balance of monetary incomes and

expenditure of population) as well as with payments to the budget and contributions to social and other organizations and monetary savings (as per the data of balance of monetary incomes and expenditure of population).

The received sum will comprise the consumption and expenditure on account of individual budget. It is balanced with the sum of individual rated incomes of population.

The balance is supplemented with the consumption of free services according to the data of estimates of public consumption funds (within the volume of expenditure of state, enterprises and social organizations on maintenance of institutions concerned) in the classification data of budget statistics.

15.8. Estimated is a distribution of population according to the level of per-capita rated individual income with respect to basic social groups.

The estimates have been made according to the model of incomes distribution. A row of distribution as per incomes in the said model is approximated proceeding from the supposition on a tendency of incomes distribution according to the logarithmic normal law.

The basic parameters of curve to be sought for, proceeding from which estimated are quotients of distribution row, are determined as follows: first and foremost determined are initial characteristics of distribution row-average, minimum and maximum incomes. The average income level is based herewith on the data of relevant actual indicators or plan indicators and estimates, and minimum and maximum incomes are substantiated by means of

economic analysis. Further on, the essential parameters of logarithmic normal distribution and quotient of sought-for distribution row are estimated on the basis of initial characteristics by means of solving a system of equations.

The density (and quotient herefrom) of normal distribution curve is determined by the formula:

$$F(x) = \frac{1}{\sigma \sqrt{2\pi}} \cdot e^{-\frac{1}{2} \left(\frac{x - \bar{x}}{\sigma} \right)^2}$$

where:

π & e - known constants,

x - indication alternative,

$\bar{x}$ - mathematical expected quantity for casual magnitude x to be calculated as per empirical data as an average arithmetical quantity of indication,

σ^2 - dispersion of casual magnitude to be calculated as per empirical data.

$\bar{x}$ and σ are the very parameters that may facilitate to determine the normal law of distribution.

However, we deal not with a normal curve but with a logarithmic normal curve.

Therefore, the parameters of logarithmic normal curve shall be expressed through the logarithms of parameters of ordinary normal curve.

Upon determining the parameters of logarithmic normal curve calculated are quotients of sought-for distribution row and then - average level of income in each interval of row.

15.9. According to the data of budget statistics with respect to the social groups calculated are the equations of regression that express dependence on the gross individual rated income:

- A) amounts of incomes individual elements;
- b) consumption volume of material weals, payable services and other monetary expenditure;
- c) free services.

The parameters of regression equations were determined through the smallest squares. The equalization was made for several functions and out of the latter selected was one that gives better approximation of theoretical values to empirical data (the smallest residual sum of deviation squares was used as a criterion).

15.10. The differentiated models of incomes and consumption were made on the basis of regression equations received under the data of budget statistics, estimated distributions of population according to incomes and the data on a number of population in a social aspect.

The consumption model in mathematical symbols may be given as follows:

$$\sum_{j=1}^K y'_{ij} n'_j + \sum_{j=1}^K y''_{ij} n''_j = y_i N$$

$$\sum_{j=1}^K y'_{2j} n'_j + \sum_{j=1}^K y''_{2j} n''_j = y_2 N$$

$$\sum_{j=1}^K y'_{ij} n'_j + \sum_{j=1}^K y''_{ij} n''_j = y_i N$$

$$\sum_{j=1}^K x'_j n'_j + \sum_{j=1}^K x''_j n''_j = Y N$$

where:

y_i' - per-capita consumption of a certain kind of weals in each income group of workers and employees;

y_i'' - ditto of farmers

n_i' - number of population in a given income group of workers and employees;

n_i'' - ditto of farmers;

y_i - average consumption of a given weal per capita;

y - average level of consumption (and expenditure) per capita to be equal to an average individual rated income per capita;

x_i' - average income level in a given income group of workers and employees;

x_i'' - ditto of farmers;

N - total number of population

Then, $y_i N$ - consumption volume of a given kind of weals by the whole population and $y N$ - total volume of individual consumption (and expenditure) of the whole population to be equal to a sum of individual incomes.

Quantities of per capita consumption of each weal y_i' and correspondingly the consumption volumes of this weal with respect to social groups and whole population $y_i N$ correspond to the data of budget statistics and do not correspond to actual national economic indicators (data of national economic balance); but the volume of individual consumption $y N$ and the total number of N population and the number of population with respect to social groups are given according to the balance data.

15.11. In order to pass from this model to an actual differentiated model of population consumption we shall replace all values of the right side of equations by actual consumption volumes of each kind of weal that were previously calculated and served as one of the starting points of the whole work related to elaboration of differentiated balance.

15.12. The differentiated models of incomes and consumption of free services are made in the same way.

The aggregate model of consumption is made after estimating the differentiated model of free services consumption. In this respect the consumption of free services (in monetary estimation) is added up in all columns to the consumption on account of private (individual) budget.

15.13. The differentiated model of consumption may be used for:

- determination of consumption structure corresponding to the population demand;
- detection of major trends and total scale of reduction of state retail prices;
- determination of consumption structure (consumer demand) and on the said basis - for determination of production structure and production volumes of separate groups of consumer weals including - by methods of input-output balance of production and distribution of products;
- substantiation of trends and specific measures in the field of improving the people's standard of living;
- elaboration of rated consumer budgets of the population.

Taking into account the establishment of Central Consumption Department in the ARE Ministry of Planning as well as the importance of planning of proportions between consumption and accumulation considering herewith an active role of consumption fund while preparing the plan for standard of living it is advisable to pay particular attention to elaboration of the following matters:

1. To establish a system of indicators characterizing the vital aspects of people's life taking into account specific features of modern stage of the ARE development.

2. To provide a complex approach to solution of well-being problems through carrying on the estimates of balanced growth of population incomes and expenditure.

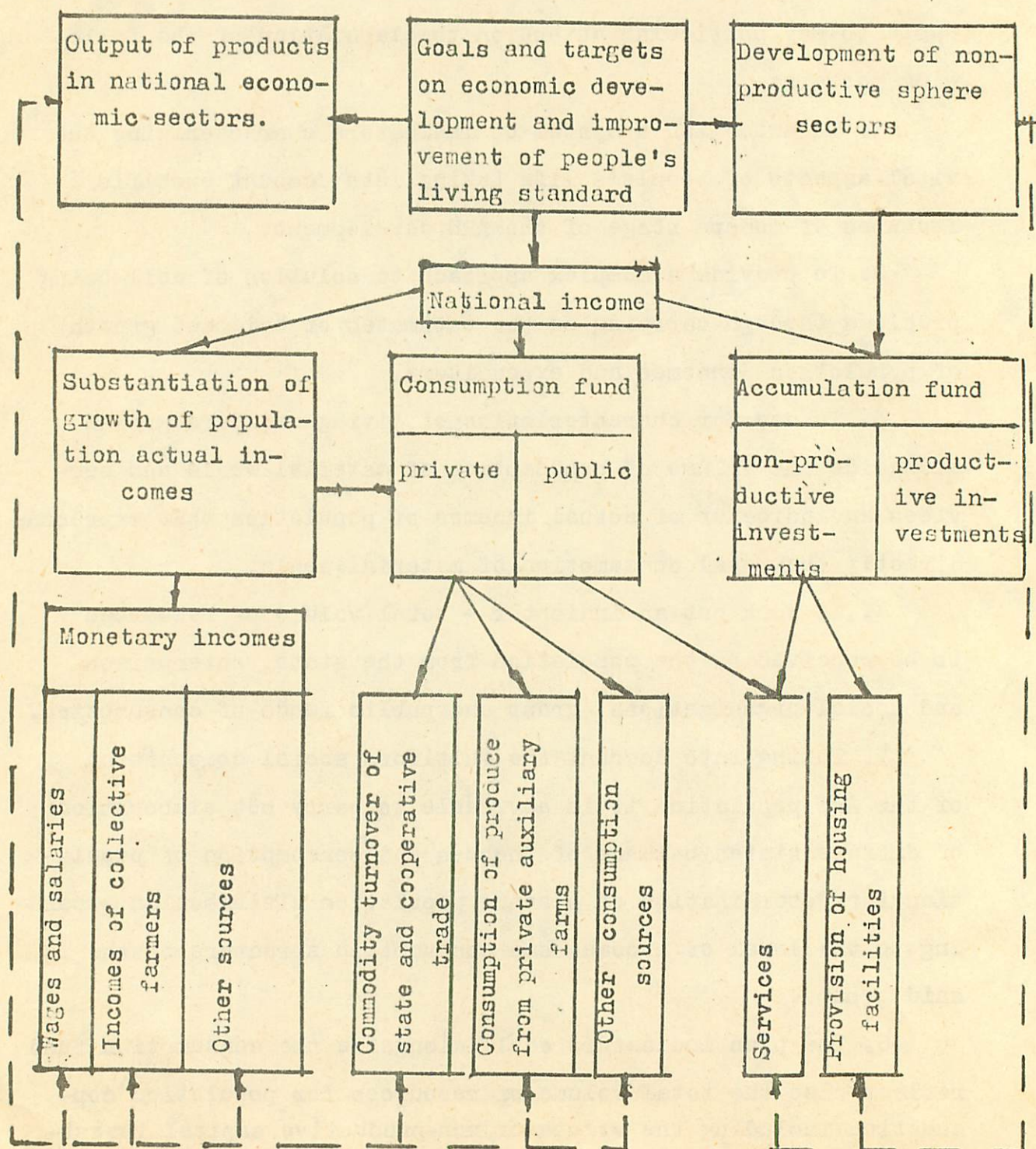
3. To use for characteristics of living standard growth alongside the volume of consumption of material weals and services an indicator of actual incomes of population that expresses directly the total consumption of material weals.

4. To work out an indicator - total volume of resources to be received by the population from the state, enterprises and social organizations, grant and public funds of consumption.

5. Taking into account the multiform social composition of the ARE population it is advisable to carry out elaboration of differentiated balance of incomes and consumption of population for determination of planned population distribution according to the level of incomes and consumption structure of the said groups.

6. The plan indicators shall alongside the consumption fund reflect also the total volume of resources for population consumption including the volume of non-productive capital investments.

Procedure of estimates of plan
indicators of improving the people's
living standard



Appendix No. 2

Diagram
of estimates of population
actual incomes

	Total	including	
		workers and employees	collective farmers
1. Monetary incomes - total			
- wages and salaries			
- incomes of collective farmers			
- pensions, allowances, scholarships			
- receipts from financial system			
2. Monetary incomes to be not used for purchase of commo- dities			
- payments for services			
- compulsory payments and voluntary contributions			
3. Change in savings of population:			
increase (-)			
decrease (+)			
4. Monetary incomes to be used for purchase of commodities (1-2 [±] 3)			
5. Incomes in kind from collective farms and private auxiliary farms.			
6. Material expenditure of non-producti- ve sphere institutions			

	:	:	:
	:	:	:

7. Gross production of housing
cooperatives
8. Final (actually used) incomes
at prices of corresponding
years (4+5+6+7)
9. Number of population
10. Actual incomes per capita at
prices of corresponding years
11. Impact of price change
12. Final (actual) incomes at
comparable prices (8+11)
13. Actual incomes per capita at
comparable prices
14. Growth of actual incomes per
capita within the planned
period.

Appendix No. 3

B a l a n c e
of monetary incomes and expenditure
of population

Incomes	Total population	including workers & collective employees; farmers
A. Receipts from state, coopera- tive and public enterprises, organizations and establish- ments		
1. Wages and salaries		
2. Monetary incomes of collective farmers from collective farms		
3. Receipts from sales of agricul- tural procedure		
4. Pensions and allowances		
5. Scholarships		
6. Receipts from financial system		
7. Other receipts		
B. Receipts from sales of com- modities and rendering servi- ces by one population group to another:		
1. Proceeds from sales of products		
2. Proceeds from services rendered.		
Total monetary incomes		

Expenditure and savings	Total population	including
		workers & employees collective farm- ers
A. Expenditure to be incurred in state, cooperative and public enterprises and organizations:		
1. Purchase of commodities:		
a) in state and cooperative trade		
b) in consumer cooperation by an agreement		
c) from collective farms		
2. Payments for services		
3. Compulsory payments and vo- luntary contributions		
4. Savings		
5. Other expenditure		
B. Expenditure incurred by one po- pulation group on payment for commodities and services to be provided and rendered by other population group:		
1. Expenditure on purchase of products		
2. Expenditure on payment for services		
Total monetary expenditure and savings		
Surplus of incomes over expenditures (+)		
Surplus of expenditure over incomes (-)		
Balance		