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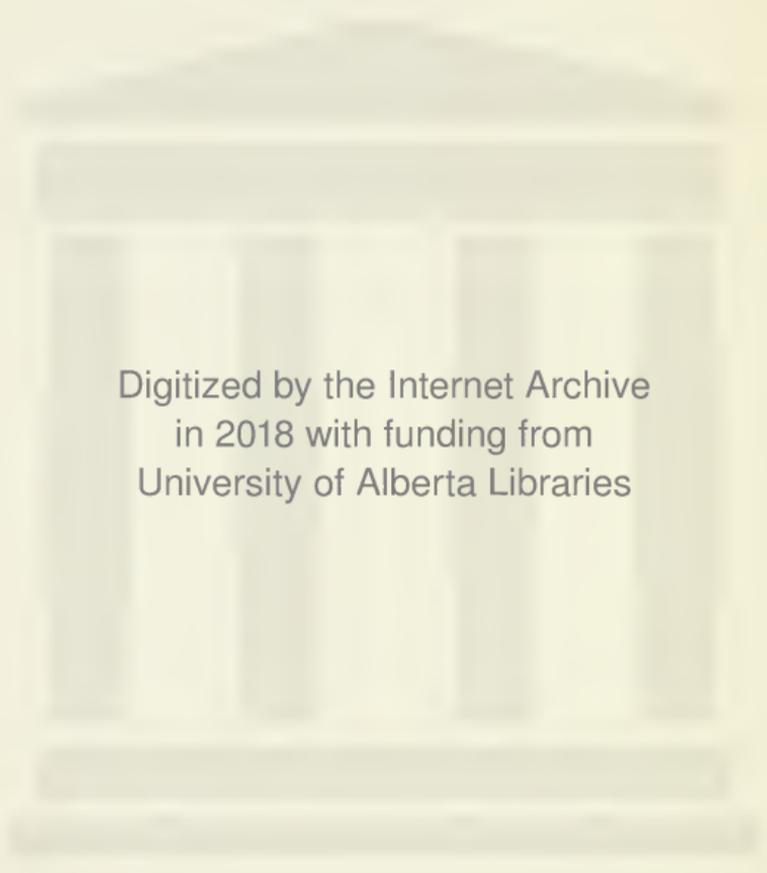
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On the Draft 1971 National Economic Plan

From the speech of Comrade Willi Stoph,
member of the Political Bureau
and Chairman of the Council of Ministers

Dear Comrades,

The draft of the 1971 national economic plan has been submitted to the Central Committee for deliberation. This plan serves the further realization of the decisions of the Seventh Party Congress. In carrying through this plan, one of the main points is consciously and creatively to apply the economic laws of Socialism. Thus we want to utilize more fully the advantages of Socialism for the benefit of the working people and the whole of the population of the GDR.

Our economic policy is designed to make the workers' and farmers' state stronger in every respect, to satisfy to an ever fuller degree the material and cultural needs of all members of socialist society, and to promote the development of socialist personalities. That is also the decisive stimulus for the active participation of the working people in extension and scientific and technical perfection of social production.

By further consolidating the GDR and continuously deepening the fraternal cooperation with the USSR and the other countries of the socialist community, we make our contribution in the class dispute between Socialism and imperialism. In this struggle, there develops ever more clearly the sharp, principled demarcation of our socialist state which is firmly anchored in the socialist community, from the state monopoly system of rule in the West German Federal Republic, which belongs to the imperialist NATO bloc.

These are the incontrovertible facts on which we base our policy vis-a-vis the FRG. The treaties of the Soviet Union and the People's Republic of Poland with the FRG have our full approval. They are directed at relaxation and security in Europe. In all steps which we undertake—in common and in agreement with our Soviet friends and the other countries of the socialist community of states—vis-a-vis the FRG, we are guided by the fact that the relations between the GDR and the FRG can develop only on the basis of internation-

al law, as is usual between other states which are independent of each other.

The establishment of such relations, free of any discrimination and based on equality will be, in view of Bonn government policy, a lengthy process. The struggle which we wage steadfastly and consistently will be decisively influenced by the degree to which we strengthen the GDR politically, economically, ideologically and in other fields.

The Policy of the Seventh Party Congress Is Being Continued

The 1971 national economic plan takes into account the results of the envisaged fulfilment of the 1970 plan and aims at a continued and stable growth, according to the possibilities, of our economy. With this plan we enter the period of the 1971–1975 long-term plan. It is designed to continue the structural policy decided upon by the Seventh Party Congress and at the same time to improve the planned proportional development of the national economy as well as to guarantee the planned supplies for the population. With the carrying-through of the national economic plans in the last few years, new insights and a number of new problems have matured. In the Political Bureau and in the Council of Ministers the situation has been exhaustively analyzed and basic conclusions have been drawn for further work which have found their expression in the resolution of the Political Bureau of 8 September 1970.

In order to implement the Political Bureau resolution of 8 September 1970, which is reflected in the Communiqué of the Council of Ministers of 23 September 1970, the necessary consequences are drawn in the 1971 national economic plan for the use of the produced national income and for the shaping of the basic national economic balances in the coming year.

We have made an effort to submit a balanced plan which will safeguard continuous economic development and which will enhance the confidence of the working people in our socialist planned economy. We must say quite frankly, however, that there are some problems of the proportional development of the national economy and of the balances connected with it that can only be solved in the course of a longer period of time, i.e., in the course of several years. For this, we shall work out suitable proposals and submit them to the Central Committee together with the 1971–1975 long-term plan.

Once the laws on the 1971 national economic plan and the 1971 state budget have been passed by the People's Chamber, the leadership activity of all government and economic organs must be concentrated on organizing the implementation of the plan and on deploying the creative and imaginative initiative of the millions of working people. That is also one of the crucial tasks for the all-round political and ideological work of all party and trade union organizations.

The Development of Our National Economy from 1966 to 1970

Before dealing with some of the fundamental problems of the 1971 national economic plan I should like to examine somewhat more closely the development of our national economy in the years 1966 to 1970.

Under the leadership of the working class and of our party, considerable successes were achieved in this period. The gradual introduction of the economic system of Socialism made it possible to better utilize the advantages and motive forces of Socialism and created the prerequisites for reaching decisive goals of the 1966–1970 long-term plan and, in part, even exceeding them.

Due to the industrious, creative work of the workers, cooperative farmers, members of the intelligentsia and all other working people, the national income increased from 84 thousand million marks in 1965 to about 108 thousand million marks this year. That represents an average annual growth of 5.2 per cent.

Total investments increased from 20.5 thousand million marks in 1965 to 32.6 thousand million marks in 1970, i.e., by about 59 per cent. In industry the increase in investments during the same period amounted to some 51 per cent. The cumulated sum of investments stipulated in the 1966–1970 long-term plan will be overfulfilled in industry by 2.9 per cent and in agriculture and the food processing industry by 19.6 per cent. Altogether, the long-term plan provided for investments in the national economy amounting to 127.4 thousand million marks. The fulfilment is expected to amount to 131.9 thousand million marks. In agriculture and food processing, the originally planned investment volume of 20.7 thousand million marks is outmatched by the actual investment of 24.8 thousand million marks. This latter sum, however, includes the trading of second-hand machinery between agricultural production cooperatives, which amounts to several hundred million marks.

During the last five years industrial commodity production in our republic increased by 37 per cent. Thus, the goal of the long-term plan in this respect was reached. In eight and one half months of the year 1970 as much was produced as in the entire year 1965. This increase in production was achieved almost exclusively by raising labour productivity.

Changes in the Production Structure

Within a comparatively short period of only a few years, an enormous process of change has taken place in the structure of production as well as in the territories. New branches of production have emerged.

The product structure in industry has essentially changed. In 1970, the share of new products, taken up in manufacturing only after 1965, amounts to about 42 per cent of the total volume. In the metalworking branches it even amounts to 50 per cent. This process was, all in all, a necessary one and must be systematically continued.

In connection with these upheavals in the structure of production and of products, important changes have occurred with regard to the qualification and the working and living habits of millions of working people. That is an expression of the vitality of our socialist social order. These changes are a visible result of the leadership activity of the party, state, and economic organs.

The progress in the development of the structure of the national economy manifests itself in the priority increase in output of such products, enterprises or industrial branches which are of special importance for the mastery of the scientific and technological revolution and for achieving high economic effectiveness.

Thus, the electrical engineering, electronic and scientific instrument construction industries showed the highest rate of development of all industrial branches, with a growth in output of 58 per cent. The target of producing, between 1967 and 1970, 200 data processing installations of the Robotron 300 type will be overfulfilled by the end of this year.

The chemical industry increased its commodity production, compared to 1965, by almost fifty per cent and has thus in 1970 reached a volume of production that very nearly equals the total industrial production of all branches in the foundation year of the GDR. High rates of growth are registered by those branches which are of

special importance for the chemicalization of the national economy. Thus, the output of chemical fibres was about doubled while the production of plastics increased by more than 75 per cent. However, on some important plastics products the goals were not reached.

For some branches of machine-building we can note above average rates of growth for the period 1966–1970. That applies, for example, to the production of agricultural machinery which increased by 63 per cent, chemical engineering with an increase by 119 per cent, and to precision mechanics/optics which increased by 81 per cent.

The production of certain accessories, above all, for the metal-working branches, however, has lagged behind. Disproportions were allowed to occur which caused considerable trouble for final producers. This became especially apparent in 1969 and 1970. Balance deficits occurred with regard to such products as roller bearings, fittings, industrial gears, foundry products and pumps. This led to discontinuous production, retarded the rate of development and impaired effectiveness.

The Specific Consumption of Energy Is Still Too High

The development of the national economy was further prejudiced by the non-fulfilment of the planned goals for the production of electric energy during the period 1966 to 1970. In addition, the demand for electric energy developed faster than anticipated. The long-term plan had provided for a reduction in the specific consumption of primary energy by about 4.5 to 5 per cent per year. This could be realized only to about 3.6 per cent. The consumption of electric energy in private households has also increased considerably every year, and this is another contributing factor in exceeding the capacity of our power stations, above all during the peak hours.

Securing correct proportions between the development of our energy basis on the one hand and the development of commodity production on the other hand is a decisive question of our economic policy. If the further growth of commodity production must be attained mainly by increasing labour productivity, then that implies further mechanization and automation of production processes. This requires energy, and the supply of energy necessitates very high investment expenditure. The experience of the last few

years shows that there will be disturbances in the operation of the economy if the increase in the supply of energy lags behind that of commodity production.

On the one hand, we must continuously expand our energy basis, on the other hand, however, we must insist on the severest standards for reducing specific energy consumption, for the rational use of the various primary energies, for the cutting down of energy losses and for a higher degree of efficiency in the energy transforming processes. At the same time we must conduct an even more determined struggle for the most rational projects and against all forms of squandering investment means in this sphere.

Foreign Trade Grew More Rapidly than Planned

The good results of our economic development during the last five years are largely due also to the people working in socialist agriculture. They systematically increased the market production of animal products by 20 per cent. As far as plant production is concerned, the targets of the long-term plan could not be attained in full measure, mainly due to the extremely unfavourable weather conditions in 1969 and 1970.

For the building industry the long-term plan had provided for an increase in production of 40 per cent. This was outdone by an actual growth of 48 per cent in building. The development speed of the building industry, however, was still not sufficient to solve the higher tasks of the last two years, going beyond the original goals of the long-term plan. The planned increase in labour productivity in the building industry was not achieved. Particularly large arrears have occurred in the building of new housing. Regarding the building of new schools the targets of the long-term plan have also not been reached.

In foreign trade a turnover development of 42 per cent had been planned. Instead, an increase by about 60 per cent has been achieved. That is also an expression of the greater economic power and the increased international economic relations of the GDR. This development is based on the tested economic, scientific and technical cooperation with the Soviet Union and the other countries of the Council for Mutual Economic Assistance. In the past years the international division of labour has been deepened, particularly with the Soviet Union.

Noticeable Improvements for All Working People

The great achievements of our working people provide the foundation for the planned improvement of working and living conditions. Noticeable progress for every individual has been made. New possibilities for recreation and education were created with the introduction of the general five-day-working week and the lengthening of the minimum paid annual holiday to 15 days. The living conditions of many working people were further improved by the raising of the national minimum wage, by the differentiated wage increases for employees with a monthly wage of up to 400 marks, by the wage increases for those working in retail trade, in the health service, for teachers and educators and by the raising of pensions.

The retail trade turnover in 1970 exceeds that of 1965 by 13 thousand million marks. Today, roughly one half of all households are equipped with washing machines and refrigerators. With regard to television sets the degree is almost 70 per cent. The supply of industrial commodities was to increase during the five-year-plan by 28 to 30 per cent. It will in fact increase by about 28 per cent. Regarding food and related products, the supply was to increase during the same period of time by 18 to 20 per cent. The actual increase will be about 24 per cent. It must, however, also be realized that the increase with regard to industrial commodities is, in considerable part, due to a higher share of goods of substantially greater use value which, correspondingly, are sold at higher prices.

The supply of the population with the necessary services and repair facilities is lagging behind the general development of the standard of living. Here also, the contribution to the easing of domestic work is still insufficient.

Eighty-five Per Cent Receive Ten-year Schooling

During the last five years our socialist state has made great expenditures in order to equip the working class and the whole of the working people, above all young people, with the political and technical abilities to solve the social, scientific, technical and economic tasks of the present time and the future. At present 85 per cent of all school children who have finished the 8th class continue at school to receive a ten-year secondary education. About one quarter of those who have concluded the tenth class continue up

to the Abitur (12th class, university entry standard). Almost three of every four children between the ages of three and six years (school entry age) have a place in a kindergarten.

Our system of higher education has undergone a considerable development. Successes appear in the realization of the third reform of higher education. That finds its expression, for example, in the number of admissions to universities and colleges which in 1970, compared to 1967, has increased by about 70 per cent. The figures fixed at the Seventh Party Congress and in the long-term plan were subsequently raised substantially. We have a larger number of students particularly in fields of learning which are decisive for the national economy.

In the sphere of the intellectual and cultural life, too, visible progress was made within the period of the long-term plan. We have always held that the construction of Socialism requires new ideas and the creative cooperation of each and everyone.

Everything for the Well-being of the People

Man is and remains the main productive force in our society. Our basic socialist and humanitarian idea has been and still is: Everything by the joint labour of the people, everything for the well-being of the people.

Especially in 1969 and 1970, tasks were tackled in various spheres which had not been laid down in the confirmed long-term plan and which entailed considerable modifications of proportions. These additional tasks had been derived from prognostic findings and from the requirements of the scientific and technological revolution or had followed as necessary measures in order to overcome the aftermath of extreme weather conditions.

In 1969 we completed 88 additional automation projects in preparation for the 20th anniversary of the foundation of the GDR, we introduced the second television program, we increased material and financial expenditures for science and technology beyond the planned figures, and we began to realize ahead of time the decisions already mentioned regarding higher education.

Moreover, in each county of the GDR so-called initiative buildings have been erected to a greater or lesser extent the material balances of which had not been included in the plan.

In 1970, too, we undertook automation projects with a capital investment outlay of some 4.5 thousand million marks some of

which will be effective in production in 1971. These automation projects will make possible the necessary extended reproduction in certain sections of industry, building and transport. Twenty-nine projects will be completed in 1970. These required an outlay of 621 million marks. In 1971 the additional yield in commodity production accruing from these projects is to reach 617 million marks and the increase in enterprise results should amount to 242 million marks.

In the past years we have done a great deal to build up the petro-chemical industry. Within three years an industry for the production of electronic data processing equipment has been developed, and a light metal construction engineering industry has sprung up in only two years.

The 1966–1970 long-term plan stipulated measures for the reconstruction of the town centres of the cities of Berlin, Dresden, Leipzig, Karl Marx Stadt and Halle-Neustadt. Later the reconstruction of 13 more town centres was additionally taken up.

Additional stress was caused by the effects of two very severe winters, the drought summer of 1969 and the unfavourable climatic conditions for agriculture in 1970. In this year alone, these factors caused losses for industry, building and agricultural industries amounting to some 3.5 thousand million marks.

In order to maintain the most urgent supply of the national economy with fuel and power, primary energy and equipment had to be imported in excess of the plan. For additional imports of grain, fruit and other agricultural products more than 450 million clearing marks had to be spent in 1970. It is, moreover, still necessary, within the framework of the 1971 national economic plan, to import more agricultural raw materials and foodstuffs and to earn them by additional exports.

In recognition of the great efforts of many works collectives, in this year bonuses will be paid out in a number of combines and enterprises which, despite their best efforts, were not able to fulfil their plan in some respects.

Planned Development of Working and Living Conditions

Although considerable losses have occurred in production, the planned measures to develop the working and living conditions of our citizens have been financed by the enterprise funds or from the resources of the state. That shows clearly that the party and

the government have continuously endeavoured to guarantee to the working people the means for the improvement of their standard of life which had been fixed in the plan.

Thus, for example, in 1970 the following were financed from the state budget:

- subsidies to maintain low consumer prices for milk, butter, bread, meat, potatoes, etc. 4.6 thousand million marks
- subsidies for industrial commodities, such as children's outer wear, brown coal briquettes and coke for domestic fuel 0.8 thousand million marks
- subsidies for passenger transport 1.0 thousand million marks
- allocations for housing, including rent subsidies 2.2 thousand million marks

Our state will spend in 1970, 8.9 thousand million marks for the national health and social services as well as more than 6.1 thousand million marks for education. In 1970, 540 million marks have been spent from the state budget as grants for the development of cultural life.

In 1970, 420 million marks were provided for the building of new kindergartens, secondary schools, college and technical school facilities, etc. The state fund for grants has grown to 370 million marks. The state will spend 75 million marks this year for the free transport of schoolchildren alone. Great attention has been paid by party and government to the further improvement of school and kindergarten meals. The budget allocated almost 400 million marks for this purpose in 1970.

These state services represent an important component of the standard of living of people in the GDR. That is still frequently overlooked, or it is being forgotten when judging the social situation. The financial means for this very high government expenditure, however, must be earned year after year. From the state budget, in the final analysis, no more can be allocated than has been earned. We must, therefore, carefully consider which expenditure is really necessary. In general we must demand that the means which the working population accumulates by its toil be expended as economically and circumspectly as possible.

The Political Bureau and the Council of Ministers have decided to reduce expenditure for the state apparatus. In all enterprises, institutes and government agencies administrative costs particularly must be noticeably reduced. That is not a question of man-

power planning alone, but we propose it rather as a general task which concerns the entire organization of the enterprise and its administration, including its continued systematic rationalization. The red tape in management, planning and organization must be substantially reduced. Costs for representation and publicity purposes as well as for the furnishing of offices have to be cut significantly.

In conclusion I should like to say with regard to our national economic development up to the present time that there is no doubt that we have made good progress and have been able to achieve successes. With all this positive development, however, shortcomings have also emerged. It is important correctly to calculate and to determine the pace of future development. For that reason the exact determination of the possible rate of growth of the national economy on the basis of realistic plans and balances constitutes a fundamental question for the further continuous development of the national economy.

High Targets in the New Plan Year

The economic laws operate objectively and cannot be circumvented. By our conscious action we utilize their effect. Our most important instrument in this is high grade planning on all levels of management.

The draft 1971 national economic plan envisages providing the material prerequisites for a continuous, stable economic development and gradually eliminating present disproportions by the systematic proportional development of the national economy as well as by concentration on enterprises, combines, objects and tasks which will contribute towards a high growth in the national income. Taking into account the experiences of the last few years, we proceed from the view that the functioning of the economic system of Socialism presupposes a realistic, balanced plan.

It is a basic condition of the 1971 national economic plan systematically to develop cooperation in research and production with the Soviet Union and other socialist states as well as the exchange of commodities with them.

By extending complex collaboration to reach from the preparatory scientific groundwork right to the transfer to serial production, the effectiveness of socialist international cooperation and integration will further increase.

In the draft bill on the 1971 national economic plan high targets are set:

Produced national income, compared to 1970, is to increase by 4.9 per cent; labour productivity on the basis of commodity production by 5.4 per cent. The draft plan is based on growth rates of 5.6 per cent for industrial commodity production and 2.7 per cent for individual consumption. Exports to areas of the socialist economic system are to be increased by 14.1 per cent, those to non-socialist economic areas by 25.2 per cent.

The attainment of these extraordinarily high export targets is the most important task in the realization of the 1971 national economic plan. We must do this in order to be able to import the raw materials, foodstuffs, complete industrial plants and means of automation indispensable for our economy.

In the further pursuit of the structural policy we propose to concentrate resources and means on tasks which will contribute to a great increase of the national income and to securing the planned proportional development of the national economy. The 1971 state budget is also aimed at a considerable rise in effectiveness regarding both the accumulation of revenue and the expenditure of our financial resources in all spheres of social life. The necessary centralization of financial means in the state budget and the employment of credits are to be closely combined with the accumulation on the part of the nationally-owned enterprises and combines of their own means for extended reproduction.

Raising Labour Productivity by Socialist Rationalization

Dear Comrades,

It is necessary in 1971 to conduct the struggle for high labour productivity on the broadest possible scale and to accomplish complex socialist rationalization in a new quality. Complex socialist rationalization consists in the all-round exploitation of the law of the economy of time on the basis of the available material conditions of production. It presupposes the systematic analysis, also with the aid of operations research, of the possibilities of reducing the expenditure of embodied and living labour.

What considerable reserves can be opened up in order to raise the effectiveness of the national economy can be seen from the, at present inadequate, exploitation of highly productive equipment. From a representative inquiry in 400 industrial enterprises it

becomes apparent that the average running time of highly productive production plants in 1970 has indeed increased as against 1969 from 73 to 74.4 per cent. In the same period, however, the share of not technically conditioned standstill times also increased.

In the enterprises investigated the highly productive production equipment has been found to be out of action for 6.2 hours during the average working day, 4.15 hours of which for other than technically necessary causes.

A higher degree of exploitation of productive equipment requires an energetic struggle against interruptions and breakdowns. Investigations of breakdowns in seven combines and enterprises of the chemical industry have shown that 7,800 interruptions and breakdowns occurred in the first 9 months of 1970 with a loss of production valued at some 200 million marks. Among the causes are inadequate maintenance technologies, faulty organization of maintenance and insufficient planned preventive repair work.

About 24 per cent of the standstills through interruptions and breakdowns were due to service and maintenance errors which caused 84 per cent of all repair costs. The level of management activity must definitely be raised in order to enforce state regulations. At the same time the qualification of the service personnel must be speeded up.

For plants newly to be put in operation the service personnel must be selected, trained and prepared in good time. That follows from the fact that new installations, for example, in power production, the chemical industry, electrical engineering and electronic branches and also in other spheres, require special qualification because they are to a high degree equipped with modern gauging and adjusting gear up to and including computerized process steering.

Inseparable from complex rationalization is the purposeful, task-related qualification of the working people and a wide scope for their initiative in socialist emulation and in the innovators' movement. In the complex socialist rationalization it is, therefore, necessary, above all, with the lowest possible material expenditure better to utilize the available production conditions and thus to make the entire reproduction process more effective.

Rationalization must begin at the bottleneck of the production process. By eliminating such bottlenecks it will be possible in many cases to increase the capacity of entire production lines with comparatively little expenditure.

Automation in Selected Spheres

In 1971 the road of automation in selected spheres will be persistently continued. On this road we shall, consistent with the requirements of the planned proportional development of the national economy, concentrate even more on projects that permit above average increases in effectiveness. In the fulfilment of the 1971 plan it is therefore particularly necessary

- to guarantee the short-term putting in operation of utilizable partial capacities;
- to expend resources and means on those sections of automation which will be decisive for the utility of the projects, and
- to create all prerequisites for the full exploitation of modern production equipment.

During the working-out of the plan drafts for 1971 it has turned out that this guiding line has not been fully realized with all automation enterprises and projects. We must, however, firmly insist on the demand that the resources and means supplied with priority for automation should contribute in the shortest possible time to the raising of effectiveness.

Automation is directed towards the continuous raising of labour productivity and effectiveness. For that reason, we concentrate automation projects on sectors which serve the quick raising of labour productivity. Some leaders have not understood this correctly. We cannot, for example, under any circumstances approve when in some of the automation enterprises parking places, garages and expensive administrative buildings are completed by making use of priority code numbers.

The responsible leaders have to secure with regard to each individual project the economically most effective list of priorities and sequences for all objects and sections to be completed in 1971.

The new element in the planning and management of science and technology consists in clearly orientating scientific and technical work on economic goals. High responsibility in this connection is borne by the institution of socialist large-scale research. Their work should be aimed, more than hitherto, at ensuring that highly productive technological methods be developed by research on and the application of new operating principles or by the combination of known operating principles, and that on this basis new-style, highly effective processes become operative in production as pioneering and top performances.

The plan stipulates that 36 per cent of all cadres with college or technical school education in the natural and technical sciences and 41 per cent of the financial resources for science and technology be committed to the realization of large-scale research projects.

In the further development of our national economy in 1971 the quality of the products will acquire an ever greater importance for all spheres of social life. New and higher demands on the quality of products and on their reliable functioning are made by the level and rate of growth in labour productivity, by the effectiveness of complex rationalization and automation, by the effective utilization of the material reserves and by the satisfaction of the continuously growing demands of our population.

There are close mutual connections between raising labour productivity, reducing costs and improving quality. Good quality—that means high economic results from our external economic relations and growing prestige for our republic. It also means strengthening the confidence of the working people into their state.

From this arises the necessity of conducting the struggle for high quality, for attaining pioneering and top performances in research and development and for their rapid transfer into production as an important prerequisite for the all-round strengthening of the GDR. Good results can be registered in such combines and enterprises where this has been correctly recognized as a political task, where management is concentrating on this, and where the working people, led by the party organization, are purposefully striving in socialist emulation to achieve high quality.

Various branches of industry and a number of enterprises, however, are lagging behind in the development of quality. It is necessary to overcome the still persisting tendency to underestimate quality, and to obtain a quality of products which comes up to the national economic requirements and possibilities. The 1971 plan sets high standards for this. As has been decided in our resolutions, the progress reports to the personnel must contain comparisons with world standards and set out the tasks for the development of quality, issuing from the national economic goals. In socialist emulation every worker must know what is expected of him and what effect the result of his labour will have for the enterprise and for our state.

Effective Investment Policy

Dear Comrades,

The optimum utilization of the fixed assets and the consistent insistence on an effective investment policy is of decisive importance for the further planned development of the national economy. Thanks to the increased power of accumulation of the national economy of the GDR we possess today a stock of fixed assets valued at about 465 thousand million marks, including 166 thousand million marks in industry.

We must concentrate the decisive part of the resources and investment means on those areas and sectors which will determine the shaping of the developed social system of Socialism.

Our possibilities in the sphere of capital investments have not been, and still are not, unlimited. For that reason, it is necessary, above all, to achieve, with the means available, the highest possible growth of production and labour productivity as well as the lowest possible costs, to manage economically and to achieve a considerably higher utility by further concentrating investment activity and by other effective measures.

A central problem of investment activity at present consists in the fact that the planned costs are often substantially exceeded. The solution of our national economic tasks requires an uncompromising struggle to reduce specific investment expenditures and to make sure that the investment objects are completed according to schedule and are speedily made effective in production.

Regarding investments, the 1971 plan provides for further steps to stabilize the supply of power, to improve the raw material basis and to develop the sub-supply industries.

In view of the necessary concentration of capital investments on industry, housing, school-building and the creation of facilities for children it follows that the building of new objects for the further reconstruction of town centres must be postponed.

The greater efforts which we must undertake regarding the concentration of investments and the safeguarding of their highest effectiveness require imperatively that all and every squandering of capital investment means be eliminated.

When new installations are about to be put into operation it must be scrupulously worked out from what point in time their production can be included in the balances of the plan. That means the exact calculation and stipulation of the time needed to put the installations into operation and to gradually increase

their load until they reach the planned output parameters. That is particularly necessary because ever more installations of major production volume are being built and, therefore, wrong calculations regarding their planned effectiveness will have serious repercussions on the plans and contracts. Experience has shown that it often takes longer than had been laid down originally to reach the planned output parameters. Some large-scale production plants, particularly in the chemical industry, remain substantially below the output parameters which had been projected and contractually promised, even in permanent operation. That causes considerable economic loss.

It is necessary for managers, when taking new installations into operation, to take all requisite measures to calculate the loading time of the new equipment accurately, to keep this time as short as possible and to make sure that the projected output parameters will be reached.

To guarantee the stable and continuous supply of our national economy with basic and raw materials is a fundamental problem for safeguarding the planned rate of growth and the development of effectiveness in 1971. Since the aim must be to guarantee a maximum addition to the really disposable national income with a minimum expenditure of basic and raw materials and diminishing costs per product entity, special importance accrues to the most rational employment and most effective utilization of all kinds of raw material and other material as well as to the struggle against all squandering of material and financial means.

The conception of the 1971 national economic plan calls for a reduction of the specific expenditure of economically important working materials, such as rolled steel, copper, rubber, cellulose and others, by about 2.5 per cent in relation to the national income. That is a complicated task, the successful accomplishment of which must be stubbornly striven for in all sectors of the national economy.

In accordance with this, the exact objectives of the economy of materials must be determined for the different branches of the national economy, for products and groups of products. These objectives and directives at the same time represent a decisive foundation for the all-round promotion of the initiative of the working people in socialist emulation and for the innovators' movement.

An example has been set by the crane-builders of Eberswalde who have introduced complex measures to increase the plan target

for the reduction of material consumption from 4.3 to 8.7 per cent. The good intention must now be followed by successful achievements.

A great initiative in the struggle for an improved material economy has been shown by the socialist youth organization. The action "Material Economy 1970" has, up to now, produced a saving of roughly 500 million marks.

In order to open up additional reserves and to level out the different standards of enterprises and combines, the heads of the government and economic organs must generalize the best results achieved. The target set for 1971 makes it imperatively necessary for the heads of works and enterprises to issue to their design, construction and technological departments costing limits, material consumption norms and material utilization coefficients which take account of the most progressive experiences. It must become axiomatic that raw and other materials are consumed, as a matter of principle, only on the basis of confirmed material consumption norms which accord with the scientific and technical level.

The systematic raising of effectiveness and labour productivity requires the optimum utilization of the secondary material basis of the national economy. The collection and reconversion of secondary raw materials are receiving growing attention in all developed industrial countries. It is becoming more and more usual to create closed material flow circuits for important metallic materials and thus to ensure their repeated reutilization. We have not the slightest reason to renounce such reserves. On the contrary.

The secondary raw materials which are here often underrated and therefore not sufficiently utilized, are by no means an inferior substitute, but fully valuable raw materials. Their utilization is an urgent requirement of socialist planned economy. That becomes apparent, for example, in the fact that certain secondary raw materials are even of decisive importance for the supply of some branches. Thus, more than 70 per cent of the raw materials basis of our steel production consists of scrap.

Continuous Deepening of Cooperation with the CMEA Countries

Dear Comrades,

The continuous deepening of the economic, scientific and technical cooperation with the USSR and the other member countries of the Council for Mutual Economic Assistance (CMEA) is an

essential prerequisite for the strengthening of the socialist community of states and for mastering the scientific and technological revolution. With the resolutions of the 23rd and 24th meetings of the Council for Mutual Economic Assistance on the deepening of socialist economic integration the guiding line was set for the further shaping of the bilateral and multilateral relations in science, technology and production. Through contractually agreed specialization and cooperation the division of labour is to continue in higher quality and for the common benefit.

With the active participation of the ministries, combines, enterprises and research institutes concerned, the State Planning Commission has synchronized mutual cooperation relations and commodity deliveries for the period of the next long-term plan with the planning organs of the member countries of the CMEA. On the basis of these important agreements and the trade agreements the 1971 plan provides for GDR exports to the USSR to grow by about 12 per cent and for those to the other CMEA countries also to increase considerably.

The share of the trade with the USSR and the other socialist countries in the GDR's total foreign trade will next year amount to some 74 per cent. That is a safe guarantee for the stable and long-term marketing of our exports as well as for a continuous supply of our economy with raw materials, fuels and important equipment.

All comrades know the comprehensive assistance which the Soviet Union has always given the GDR. We should like to express our cordial and heartfelt gratitude to the Political Bureau of the Central Committee of the CPSU for its continuous fraternal support. We assure the Soviet comrades that we shall make redoubled efforts to fulfil our delivery obligations to the full extent.

It has proved necessary, in shaping our production structure, to pay more attention to the requirements of the external economy which arise from increasing socialist integration.

The strict compliance with the obligations to the member countries of the CMEA, which we have undertaken with the agreements on the coordination of plans, with the trade agreements and with the contracts on cooperation in research and production, is a political task of the first rank for all leaders and party organizations.

The Importance of Our Educational and Cultural Policy

Dear Comrades,

The socialist educational and cultural policy is of vital importance for the class dispute with imperialism. The better the working people are prepared for the creative practical application of scientific knowledge the sooner will science become effective as a productive force. For this reason we will further improve and develop our educational system, so as to guarantee that today's education will be up to the requirements of the future. Great efforts and considerable material expenditure are necessary to reach this aim, since the present tasks of the integrated socialist educational system are determined by the social tasks of the future. It depends on present-day training and education how well the working people, especially the youth, will be able to solve their tasks in the years to come. The importance of the constant qualification of every worker in this connection clearly shows in the value of the share of the national wealth entrusted to them at their places of work. For example, in industry the fixed assets per worker were about 64 thousand marks in 1960; it rose to some 125 thousand marks in 1970, and the trend is continuing at an increasing pace.

To fully implement our educational program the 1971 plan again allots considerable sums for school building. The local councils and the building industry must make great efforts to fulfil the school building program. The decisive condition for higher standards of training and education at our schools is the availability of highly qualified teachers. We will, therefore, continue in the next few years to increase systematically the number of teachers and improve the quality of their training. Above all it is necessary to fulfil the quotas of student teachers stipulated in the plans and to extend the training facilities at the teachers' colleges and institutes and at the teachers' training institutes, as laid down in the plan.

The 1971 plan also envisages new steps to improve preschool education in terms of quality and quantity. This development is necessary to enable working mothers to work in their jobs without having to worry about their children and in the knowledge that they are well looked after, are growing up to be healthy and optimistic, and are systematically prepared for school.

In higher education, the process of developing socialist political consciousness must be continued consistently in 1971. Marxism-Leninism must be made the basis of the entire training and educa-

tion, professional training and class education must be closely integrated and the principle of the unity of science and politics, of theory and practice must be applied consistently.

The research and educational potential of the system of higher education is an important part of the socialist organization of science and of the process of social reproduction. The principle of concentrating on key research projects closely related to practice, which has been successfully observed since last year, must be continued through the further development of socialist team-work in inter-disciplinary research teams including students. Basic research is to be continued purposefully.

Already in the immediate future the vast changes in the content of training and research at institutions of higher learning are going to make increasing demands on them also in terms of the future quantitative growth of their training capacity. For example, in 1971 about 43,000 citizens of our republic will take up studies at university institutions, and 57,000 at technical schools. Considering these numbers it is clear that the universities and technical schools and the local administrations must make great efforts to solve the problems of accommodating, and catering for students and providing the necessary lecture halls and laboratory facilities.

According to, and in connection with, the plans for 1971 big tasks have also got to be solved in the cultural field. The promotion of culture and the encouragement of the cultural activities of the people are one of the basic concerns of our socialist state, because Socialism needs people with an all-round education.

Art and culture play an important ideological role in shaping the world outlook of the working people and in their conscious creative work. Artists and cultural workers in general have the task of shaping the thoughts and feelings of the working people, tapping the vast emotional riches of our socialist humanism, arousing enthusiasm for pioneering deeds in all social fields, and helping to bring out the beauty of our socialist life.

The complicated process of developing our socialist society also makes higher demands on our artists; and they can only do justice to these demands if they have close links with the pacesetters in science and production.

It is wrong to say—as is still being done by some—that “first we fulfil our economic tasks, and after that we can turn our attention to the questions of intellectual and cultural life”. The point is to make use of the cultural and educational plans as instruments for the development of socialist work teams and personalities, for the

development of the intellectual and cultural life of the workers, and at the same time as a means to help fulfil the plans.

On Supplies for the People

Dear Comrades,

One of the basic tasks laid down in the 1971 national economic plan is concerned with the planned supply of food products, industrial consumer goods and services to the people. Commodities are to be increased by 2.4 per cent. The net cash income of the people will increase by about three thousand million marks. This increase will be the result of performance-related wage increases, the improving qualification of the workers, and the necessary increase of expenditures on student grants, pensions, etc. The planned development of the purchasing power and commodities thus proceeds from the possibilities and necessities actually obtaining in the national economy.

Another fundamental problem of the 1971 national economic plan that you have before you is the fact that the relation between purchasing power and commodities—a relation of great importance in the national economy—is not entirely balanced. One of the key questions in the development of consumption is to ensure that commodities are guaranteed through production and imports. Within the framework of the 1971 plan all production enterprises, especially the consumer goods industry and agriculture and the food industry, must be given the task of further improving the material structure of the assortment of commodities through higher performances and production. In deciding on the goods to be produced the enterprises must use the raw materials available in such a way that the national economy derives maximum benefit and retail trade is supplied with quality goods satisfying the demands of the people. All state and economic authorities responsible for supplying the people must fully concentrate on the tasks laid down in the supply plan.

More Consideration for the Great Performances of the Working Class

A number of problems have matured in connection with the better utilization of the economic laws of Socialism in certain fields of the national economy and in connection with the application of the principles concerning the further development of the working and

living conditions of the working people. These problems must now be solved.

This is to say that the economic laws of Socialism must be utilized more effectively and that the national income must be used more economically and distributed according to performance. In this connection, especially the performance of the working class and its role in production and society are going to be considered better than hitherto. It is a well-known fact that, in accordance with the decisions of the Seventh Congress of the Socialist Unity Party of Germany and as a result of the continuous growth of the national income, the working and living conditions of the people could be improved systematically.

However, there have been considerable differences in the extent to which the various classes and social strata have benefited from these improvements. In certain fields of the national economy there is a contradiction between the performance of the workers on the one hand and their income or wages on the other.

The 1971 plan contains a number of provisions regarding the development of the performance and income of certain groups of the people. At the same time the successful policy of continuously improving the working and living conditions of the working people is being continued.

Minimum Wages and Low Incomes to be Raised

A joint commission of the Central Committee of the Socialist Unity Party of Germany, the Council of Ministers and the National Executive of the Confederation of Free German Trade Unions has examined the situation in this particular field and made appropriate proposals.

Following a study of the economic consequences the Council of Ministers has adopted appropriate measures.

Among the workers and salaried employees there are certain groups whose wages have not been increased for several years, although their qualifications, and thus their performances, have improved.

The difference between wages in those fields and average wages in industry has increased to such an extent that wages no longer reflect actual performances. This problem must be solved in the interest of the working people concerned. Their work is vital for a stable and proportional development of our entire society.

For this reason, the Council of Ministers has decided to increase minimum wages from 300 to 350 marks by 1 March 1971 and to adjust wages between that amount and 435 marks. This means increased wages for about 1,150,000 working people in the various fields of our national economy.

Further, it was decided to raise the low wages of certain groups of workers in selected fields of the national economy. This involves approximately 240 thousand service workers such as cleaners, heating personnel, staff craftsmen and kitchen personnel working in institutions of higher education, health, culture or in state administrations and institutes. A new wage scale for these workers will be introduced which will result in their wages increasing between 40 and 60 marks per month according to their qualification and performance (including the measures to raise the minimum wage).

In the field of public health new wage scales will be introduced for about 36,000 nurses in crèches and children's homes. This will boost their monthly wages by about 65 to 90 marks (including the measures to raise the minimum wage). Performance bonuses between 25 and 100 marks per month with special consideration of shift work are to be paid to

- approximately 80,000 assistant personnel in hospitals and out-patient departments, such as nurses, nurse-secretaries, medical-technical assistants, dental technicians, chemist's assistants;
- approximately 59,000 workers in certain departments of the post and telecommunications system, among them technical workers, telephone operators and teletypists, postmen and counter personnel; and
- approximately 157,000 selected railway personnel, such as motor traction personnel, transshipment workers and shunters.

The wage increases benefit mainly those workers whose specific jobs make it impossible for their wages to develop in direct relation with performance.

Regulations on the Consistent Application of the Performance Principle

It is necessary for other groups, too, to more consistently apply the economic laws concerning the relation between performance and income.

In accordance with our alliance policy the party and the government introduced comprehensive measures to promote and ensure

a stable economic development of the non-working-class-strata of the people. The burden of these promotion measures was mainly borne by the working class. This policy pursued by the socialist state under the leadership of the working-class party was necessary. We cannot, however, tolerate a development contradictory to Socialism.

The fact cannot be ignored that some obsolete economic regulations deviate from the principle that individual benefit must depend on how much society benefits from the work of the individual.

It is intended to enact new regulations on 1 January 1971 which are aimed at a more consistent application of the performance principle and a more consistently performance-related development of the income of certain groups of employees and certain members of other forms of ownership. These measures are: an increase of the income tax of non-active partners, increased taxation of certain groups of free-lance workers, increased taxation of industrial producing craft and building cooperatives and private craft enterprises and the abolition of the compensation payments, in connection with the industrial price reform, to enterprises with state participation, craft production cooperatives and private enterprises, which produce on industrial lines, the introduction of a production fund tax and the removal of restrictions on the full effectiveness of industrial prices.

Appropriate bills have been submitted to the People's Chamber.

Tax allowances will continue to be granted to owners of small enterprises responsible for repairs and services to the people.

The growing national income and increasing labour productivity in the last few years have resulted in a systematic increase in people's incomes. New requirements and living habits have arisen.

In this connection let me make a few remarks on butter consumption.

The 1970 plan envisaged 238,600 tons of butter to be supplied to the people. However, the fact that some counties did not properly observe the supply plans made it necessary to make available 2,000 tons of butter out of the all-too-small stores, in addition to the high, and highly subsidized, quantity planned. This year's per capita consumption in the GDR will reach about 14.5 kilograms, about 70 per cent more than in West Germany, which puts us among the world's foremost butter consumers.

It is planned to maintain this level in 1971, which will require

considerable imports from capitalist countries and very high additional sums of foreign currency to pay for them.

So we must seriously consider the development of butter consumption in the coming few years—not only under the aspect of how to provide the necessary quantities but also with a view to the health of the people. We have noted that on the one hand especially butter consumption is rising while on the other hand more and more money is being spent on health—and this includes slimming cures—by the social insurance system which is subsidized from the state budget.

With the consumption of meat and meat products per head of the population constantly increasing, the supply situation in this field also continues to be very strained.

We have thoroughly examined the situation regarding the supply of butter, meat and meat products and decided not to increase the prices of these goods.

I already mentioned that the prices of certain consumer goods in the market and certain services are being subsidized by the state. These subsidies are in keeping with the social policy of the socialist state and will be maintained.

The main method of reducing the subsidies on any products is to reduce costs at all stages of production, from the raw material to the final products. In the case of new products superior to similar previous ones in terms of better quality, higher use-value, increased durability, easier maintenance and more convenient operation, improved design and other positive features it is justified and necessary to fix such consumer prices that cover the expenditure socially necessary for their production.

This line, which corresponds to the economic laws of Socialism and has proved to be correct, will be continued.

There has lately been increasing justified criticism among the people of the development of consumer prices of certain consumer goods, notably textiles. We take such criticisms very seriously and will pay more attention to the strict observance of the legal regulations.

In addition to the above-mentioned important economic decisions a number of other steps was also decided upon:

– A uniform interest rate of $3\frac{1}{4}$ per cent annually will be introduced for all savings deposits on 1 January 1971. This will result in an increase by $\frac{1}{4}$ per cent of the former 3 per cent interest for 90 per cent of all savings accounts.

The interest on 10 per cent of the savings accounts, which

hitherto had a rate of 4 or 5 per cent, will be reduced to the uniform $3\frac{1}{4}$ per cent rate.

– The remaining preferential financial regulations concerning the building of private owner-occupied houses, e.g., the granting of interest-free, non-repayable state loans, will be abolished.

I should like to emphasize that all economic measures outlined in this report result from the implementation of the national economic process of reproduction in the GDR and correspond to our basic political line. In effect, the wages and salaries of more than 1.7 million working people are being increased.

It is necessary to promote the development of the productive forces and the socialist relations of production by means of measures bringing about increasing identity of the interests of the individual with those of the whole of society. This corresponds to the requirements of the economic laws of Socialism and must constantly be kept in mind in our future work, especially in drafting the long-term plan for 1971 to 1975.

Uninterrupted Supply of Basic Commodities

In 1970 there were serious shortcomings in the supply of a number of commodities of daily use for which industry and retail trade share the responsibility.

The Council of Ministers has taken comprehensive steps to guarantee a smoother supply of these goods next year. The leaders of state and economic authorities are obligated to pay more attention to uninterrupted systematic supplies for the people. Above all it is important to analyze consumer demand and take steps in time so that the retail trade in all parts of the republic may offer the people commodities of daily use according to the plan and contracts. In 1971 the supply of spare parts and the systematic development of services is to be guaranteed by means of a more efficient utilization of existing funds and through improved management. The production of certain commodities may be discontinued or shifted to other enterprises only if achievement of the planned supply targets is guaranteed.

State bodies and other social consumers must reduce their consumption of consumer goods, such as textiles, furniture, fixtures and so on, by at least one third as compared to 1970. It is also very important to ensure that the increasing amounts of agricultural

produce are processed more economically and without loss into high-quality food products by the food industry.

In agriculture all resources are to be used to increase the supply of self-produced food to the people. At the same time we will have to import, also in the next few years, considerable quantities of agricultural products, among them not only tropical fruits and other products that cannot be produced in our country, but also fodder and other goods. Other imports are necessary because of the socialist international division of labour in the agricultural field, which is to our advantage.

The production of the socialist agricultural enterprises has constantly increased thanks to the concentration of forces and financial means on the continued socialist intensification of plant and animal production and thanks to the good work of the cooperative farmers and farm workers. At the same time great efforts for a continued increase of production must be made next year by cooperative farmers cultivating private plots and by non-farmers keeping animals and also by all other citizens cultivating up to one hectare of land, more than 400,000 persons in all, especially the members of the Association of Allotment Gardeners, Homecrofters and Small Livestock Breeders.

The significance of their work for the supplies to the people is shown by the following figures. This year the share of these agricultural producers in total market production is

- 49.1 per cent of all eggs,
- 9.1 per cent of all meat animals,
- 5.4 per cent of all milk, and
- 10.0 per cent of all fruit produced in the GDR.

As the number of pigs bred by these producers has decreased from 1,196,500 in 1966 to 1,036,500 this year,—which is equivalent to about 19,000 tons of pork per year—we will have to make greater efforts to utilize their potential for the safeguarding of supply.

The 1971 plan provides for continued important privileges to be extended to the small livestock breeders and cooperative farmers cultivating private plots, in order to support and stimulate their production and assist the continued development of their initiative.

In trade one of the main tasks is to improve stocks. The system of reserves and safety stocks must be better adapted to continuous and stable supply. The differences in stock between the various trade systems and counties must be balanced according to the supply situation. Retail trade must improve its cooperation with

industry, agriculture and the food processing industry, in order to influence the quality, packaging and delivery of the goods in such a way that an effective rate of turnover is made possible.

The improvement of the working and living conditions of the people requires purposeful guidance in the field of supply and services on the part of county, district, town and community councils in putting the 1971 national economic plan into practice. In 1970 we began to organize the supply of consumer goods to the people according to national and county supply plans. The purpose of such supply plans is to increase the responsibility of the central state authorities and especially of the county councils for supplies to the people.

The continued improvement of services and repair facilities will serve to reduce the time necessary for household chores. It is necessary, for instance, systematically to improve the textile cleaning facilities.

In spite of the increasing capacity of industrial cleaners in the framework of local services in 1970 they accepted fewer orders from individual customers than last year, so as to be able to satisfy the more substantial demand on the part of corporate customers, such as hotels. Local state authorities must resolutely oppose this tendency and take action to ensure a continued increase in services rendered.

The implementation of the plans of previous years has also taught us that we must not underestimate the development of transport, both passenger and goods transport. The goods produced both for domestic market and for export must be transported on schedule. If we do not pay attention to the development of goods transport according to the increasing goods production disturbances in the national economic process of reproduction are bound to occur.

The investments scheduled and the new resources to be tapped in 1971 will increase goods transport and passenger transport by 7.9 and 3.2 per cent respectively in comparison with 1970.

These tasks in the field of transport make high demands on the railway, road transport and sea and inland navigation systems and also on the loading and warehousing industry. There are still reserves in transshipment and transport which must be tapped through better cooperation between the transport systems and the enterprises, combines and local state authorities.

On the Application of the Basic Principles of the Economic System of Socialism in 1971

Dear Comrades,

The economic system of Socialism must be applied comprehensively and expertly in 1971.

Some comrades have asked whether the efficiency of the economic system of Socialism is sufficient to master the complex economic processes.

This is our answer to the question: We must carefully analyze the experience in applying the system, and draw the appropriate conclusions. Practical work in the last few years has shown that the consistent application of the economic system of Socialism is of paramount importance for bringing the advantages of the socialist system into full play. The implementation of the fundamental principles of the economic system of Socialism is one of the priority tasks in carrying out the 1971 national economic plan.

Experience shows that the greatest progress in utilizing the productive potential of our society was made in those fields where the decisions on the application of the economic system were correctly interpreted and creatively applied. The task now is further to improve the economic system in view of the practical experience gained, and to fill it with life, in order to put our scientific economic policy into practice in our everyday work.

As the drafting of the long-term plan for the period up to 1975 has not been completed yet it is necessary to issue regulations for 1971 in conjunction with the national economic plan.

The economic system of Socialism is based on objective economic laws applied by the people in their practical work. Economic relations must be shaped consciously. The economic laws of Socialism are all linked up with each other in one way or another.

Another point that must always be considered is the fact that the correct functioning of the economic system of Socialism is conditioned by its material basis, i.e., the funds existing and available resources. The plan must be balanced in and between its various parts. Only in this way can our economic power be increased constantly. For this reason, the improvement of state management, especially planning and balancing, is in the centre of the work of the party and state with the aim of further improving the economic system of Socialism.

In planning, the main point is to apply consistently the principle of the unity of structure policy and proportionality. If we fail to

concentrate sufficient financial means on the structure-determining projects of the economy we will not reach world standards in vital fields with the necessary speed.

However, if we concentrate so much that the projects cannot be balanced this will result in disproportions and in a slackening rate of development and will, in the final consequence, disturb the implementation of an effective structure policy itself. In balancing, the main point is to guarantee a stronger influence of the central state authorities on the most important items of the national economic balance, and shape the balance pyramid accordingly.

The all-round application of the economic system of Socialism demands the further development of economic accounting. The norms of economic accounting and material interest are being developed on a long-term basis, in order to achieve a lasting high effectiveness of the reproduction process. As the long-term plan for 1971 to 1975 is not yet completed, it is necessary to stipulate norms whose validity will, for the time being, be limited to 1971.

The majority of the nationally-owned enterprises and combines will be entitled to keep the amortized value so as to ensure simple and extended reproduction. This will increase the efficiency of the process of social reproduction and ensure a proportionate development of our national economy.

The amortization payments are made only by certain enterprises whose plans do not provide for the simple reproduction of the funds produced or where the amortized value is higher than the sum planned to be spent on simple reproduction. From 1971 on, the production fund levy will on principle be fixed at 6 per cent, in order to stimulate a high rate of utilization of the fixed assets, especially the highly productive equipment and machines, and the economical use of materials.

In 1971, the systematic development of industrial prices, the application of effective methods of cost and price calculation and price control must contribute even more consistently to a reduction of prime costs and to the rational utilization of the funds, guarantee highly economical use of materials, and stimulate effectively the production of quality goods distinguished by a high use-value.

The resources of the bonus fund must be used in such a way that the workers of the enterprises in their socialist emulation, are materially interested in continuously fulfilling plans and achieving maximum economic results.

The Application of the Economic System in Agriculture and the Food Processing Industry

In addition to the basic provisions regulating the application of the economic system in 1971 there will be special provisions for its application in agriculture and the food processing industry and other fields of the process of social reproduction. According to the resolutions of the Seventh Party Congress the fundamental point in applying the economic system of Socialism

- to further consolidate the alliance of the working class with the class of cooperative farmers;
- to systematically continue socialist intensification with the aim of further increasing production and thus ensuring the supply of food products to the people and of raw materials to industry according to plan; and
- to improve efficiency and raise the contribution to the national income by increasing labour productivity and reducing costs.

On the basis of these fundamental tasks, the development of the system of agrarian prices, standard supplements for the growth in the quantity of self-produced market products, and levies in agriculture has the complex aim of

- further improving planning by linking it up closely with the economic incentives, in order to stimulate the priority development of plant production as the basis for a high animal production;
- applying all production funds to maximum advantage and
- encouraging the economical use of materials.

This presupposes the all-round implementation of socialist management and the continued voluntary cooperation with all agricultural and horticultural cooperatives and nationally-owned farms.

Extensive democratic discussions took place with the cooperative farmers, farm workers and workers in the food processing industry, based on the principles of the application of the economic system of Socialism in agriculture and the food processing industry, which were confirmed in draft form by the Council of Ministers on 13 May 1970, and on various draft directives.

In the course of these discussions some 4,000 proposals regarding the above-mentioned regulations were submitted. This reflects the increased political consciousness of the cooperative farmers, agricultural workers and workers of the food processing industry and their growing realization that the most effective contribution to the all-round strengthening of the GDR they can make is to continue increasing production and reducing costs.

Qualified Management and High State Discipline

Dear Comrades,

The fulfilment of the targets of the 1971 national economic plan and budget presupposes a high level of state and party discipline in all fields of state and economic activities. Better organization of the fulfilment of the plans must result not only in tapping all existing material and financial reserves but also in utilizing the potential of the working people's socialist political consciousness, their knowledge and experience, and their striving for a higher education. Many combines and enterprises have applied the findings and methods of the Marxist-Leninist science of organization to their analyses of economic processes and made them the basis of their management plans. Projects were drafted and put into practice that made these plans more effective and improved the flow of information to both managers and working people. Some enterprises and teams achieved outstanding results in this respect.

The point now is to make use of the experience in applying the Marxist-Leninist science of organization and further improve the direction and control of the fulfilment of plans at all levels, from the ministries down to the enterprises. All managers must make control an integral part of their managerial activities. Control must be coupled with concrete guidance and assistance to the state and economic authorities, combines and enterprises in fulfilling their tasks and developing socialist modes of behaviour. This makes it necessary for all managers to lay down exact regulations on

- regular reports and accountability to the working people;
- cooperation with the state and social control authorities;
- the application of differentiated forms and methods of control, including electronic data processing and other up-to-date methods;
- the systematic consideration and analysis of petitions submitted by the citizens;
- the coordination and processing of information and control results in connection with analyses and the preparation of important management decisions.

The state and social control authorities have a great responsibility for the fulfilment of the 1971 plan. In their work they should apply the criteria laid down in the decision of the Central Committee and the Council of Ministers on the tasks, mode of work and management system of the Workers' and Farmers' Inspection, the most comprehensive social-state control institution in our country.

Regular All-round Information to the Working People

The 1971 national economic plan and budget are aimed at further developing the conscious activity and creative initiative of the working people. More than ever before we must be guided by Lenin's thesis that the active, direct and practical participation of the working people in the management of the state, the economy and production is the reliable guarantee of the successful development of socialist society. The active, conscious participation of the working people in fulfilling the plans depends decisively on their being regularly and comprehensively informed about the current situation regarding fulfilment of the state tasks. It is important for the managers, in their reports to the working people, to draw appropriate conclusions from the results of the efforts to fulfil the plan, from the socialist emulation movement, from the innovators' movement and from socialist team-work, and to discuss and lay down the future tasks and steps ensuring a continuous fulfilment of the plan. In this connection, the solution of the various economic and technological tasks must be linked up closely with systematic political education and training.

The local state authorities bear a high responsibility for the fulfilment of the 1971 national economic plan. This responsibility results not least from the fact that the share of the industrial enterprises under local management is about 28 per cent of the total industrial goods production, while the share of the enterprises under the local building authorities in the overall production of nationally-owned building enterprises is about 49 per cent.

As a result of the close interrelations between the various branches and territories the increase in the efficiency and labour productivity is largely dependent on the systematic cooperation between central and local state authorities, on the systematic integration of central tasks in the territorial development plans, and on the all-round mobilization of local reserves for the constant improvement of working and living conditions. We must make efforts in the territories to bring about increasing agreement between the growth of production, the development of the population and the material and technological structure of the territory. For this purpose, the local state authorities must derive concrete tasks for their spheres of responsibility from the general targets set forth in the national economic plan, and guarantee, with the fulfilment of these tasks, the systematic achievement of the central targets.

In the last few weeks and months all state and economic authorities, combines and enterprises have made considerable efforts in the struggle to fulfil the 1970 plan and prepare the 1971 national economic plan and budget, in accordance with the decisions of the Political Bureau and the Council of Ministers. This process, which was a severe test of the working morale and sense of responsibility of every single worker, proved that we are capable of achieving the goals we have set ourselves with a high measure of discipline, in spite of adverse conditions. The competence of managers and teams alike has grown with the higher demands made on them. At the same time, however, it has become evident where we will have to step up our efforts to master the new tasks facing us. The 1971 national economic plan and budget must be fulfilled continuously and effectively from the first day.

The principles of socialist economic management set forth by the Seventh Party Congress continue to be fully valid. These principles make it a duty of all managers and workers in the state and economic authorities, combines, enterprises and institutions constantly to improve their knowledge and their ability actively to master the requirement arising from the law of the economy of time.

Party Branches Bear a High Responsibility

Close cooperation of all social forces in the combines, enterprises and territories and in the state and economic authorities is required for the solution of the tasks facing us. The party branches bear a high responsibility in this connection. They must creatively apply the decisions of the party and use all their influence to see that they are transformed into concrete practical action corresponding to the specific conditions obtaining. The political and ideological work of the party branches, which is aimed at mobilizing the entire intellectual, creative and productive potentials, must reach everybody, win over everybody, and leave nobody behind.

The demand for the creative fulfilment of the decisions requires that every comrade work closely together, in a spirit of comradeship, with the working people around him—both on the job and in his residential area—and to be able to convince others in political discussions on the strength of his own responsible work.

The creative implementation and consistent application of the decisions of the party and government is a party duty imposed on every comrade; it is a class duty requiring firm links with social

practice, constant study of the most advanced experience, analysis of all proposals and ideas aiming at highly effective fulfilment of the plan, and exemplary personal participation in this struggle.

The political and ideological work of the party branches and of every individual comrade must contribute even better than hitherto to stimulating the activity of the social forces and mass organizations united in the National Front. In this way we must create further prerequisites for directly including all working people in the process of fulfilling the plan, and for mastering the new tasks with a high measure of discipline and initiative.

In fulfilling the 1971 plan we can rely on the ideological maturity of our working people, on their creative spirit and initiative, and on the indomitable fighting spirit and fighting strength of our Marxist-Leninist party. This is the inexhaustible source of our confidence and strength which enables us to continue the stable and continuous development of our national economy according to the plan, with great élan and socialist consciousness, and further to strengthen our socialist German Democratic Republic in every respect.

Report on the Exchange of Party Documents

Reporter: Comrade Erich Honecker, Member of the Political Bureau and Secretary of the Central Committee of the SED

Dear Comrades,

Our party has taken an important step forward in recent months towards consolidating its ranks and increasing its militant strength. In accordance with the Central Committee's decision, the measures connected with the exchange of party members' books and candidates' cards were carried out in the period between 1 September and 31 October 1970. The immediate reason for this was the fact that for the majority of party members the validity of their membership documents would have expired in 1971. But it was more than a purely organizational matter. From this aspect it can be said today that the period of exchange of documents was for our party a period of great political activity, of further development of inner-party democracy and of mobilizing all members and candidates to fulfil our tasks in the further building up of Socialism—especially of the national economy.

Our party convincingly demonstrates its political, ideological and organizational unity and integrity. Rallying firmly round the Central Committee and its First Secretary, Comrade Walter Ulbricht, our comrades are doing their utmost to carry out the decisions of our Seventh Party Congress.

In accordance with the Central Committee's decision, the task during the preparation for and actual exchange of party documents was to strengthen still further the leading role of our Marxist-Leninist party in all fields of social life and above all to enable the basic organizations to step up the struggle to develop the working people's socialist consciousness, spread the ideas of Marxism-Leninism even more widely and build up a many-sided intellectual life, so as to be able to fulfil ever more effectively the great tasks connected with shaping socialist society in the German Democratic Republic. For this reason personal, comradely talks were conducted with all comrades and

candidate members in the course of the exchange of documents, so that all comrades would have an opportunity to present their thoughts and ideas, problems and questions and the party could make these the basis of their policy and activity.

It is possible to report to the Central Committee today that the talks, meetings and organizational measures connected with the exchange of documents were carried out on time and in accordance with the Central Committee's decision and that the political aims were also achieved. The action will conclude with the presentation of the new member's books in January 1971.

This action was a great achievement by our party and especially by the tens of thousands of functionaries who ensured its complete political and organizational success through their self-sacrificing and for the most part voluntary unpaid work. And finally, every single comrade who prepared for the talks with a feeling of being a part of our party and with a full sense of responsibility, reviewed his own contribution to the common cause and—an essential trait of our party—thought with an eye to the future about how he could better fill his place in his daily work, also contributed to success.

Thus the exchange of party documents was a report back by every comrade to the party and the working class and the people of the German Democratic Republic. It was a report back on how the party of the working class is carrying out its leading role today and how it will do this in the future, so as to strengthen the GDR constantly and in every way and thus make our contribution to a further change in the relation of forces in the world in favour of Socialism and peace.

Thanks for the Great Activity of All Comrades

Comrades,

Permit me here to present a few important statistics. On 15 November our party had a total of 1,903,026 members and candidate members. Personal talks were conducted with 1,896,640 of these, i.e., 99.6 per cent. The secretaries of the basic organizations suggested that new party documents be handed to 1,893,594 members and candidate members, i.e., 99.54 per cent.

The fact that talks have not been conducted with some comrades and candidate members—a percentage of 0.4—is due in

the main to their absence on holiday, extended business trips or stays abroad, or to illness.

In the course of the exchange operation there were proposals by the leading bodies of the basic organizations that a few comrades and candidate members be struck off the membership lists or expelled from the party. These were cases where the attitude to the party had been wavering or inactive for a longer period of time. There were 8,706 such cases—a percentage of 0.46, which is very small indeed.

The members' meetings held in connection with the exchange of documents in the 67,530 basic organizations and departmental party organizations were of a high standard and characterized by a creative and critical atmosphere. An average of 81.7 comrades attended these meetings; 35 to 40 per cent spoke in the discussions; 66,00 comrades were entrusted with the task of helping the basic organizations and 287,000 worked in the commissions conducting the talks.

The exchange of party documents also revealed that the standard of leadership in the county and district committees has improved. Coordinated, constructive action, good organization, precision and a high degree of discipline and sense of responsibility combined with effective, comradely help for the basic organizations were the predominant characteristics of the style of work of leading party organs during this period.

The Central Committee tenders cordial thanks to all members and functionaries of our party for the work done, for their activity and willingness, for their many suggestions and pledges made. This applies especially to the older men and women comrades, the veterans of the working-class movement, who contributed to the success of our operation through their tireless activity and their valuable suggestions, based on their wide experience in struggle, for improving the party's work.

All committees and basic organizations are now faced with the task of making a thorough analysis of the talks and members' meetings, taking into consideration the proposals made by comrades and candidate members in the further shaping of party life and drawing new strength for the solution of future problems out of the relations of increased confidence between comrades.

Our Party Fights as the Vanguard of the Working Class and All Working People

Comrades,

If we consider the course and results of the exchange of party documents, this again reveals convincingly the role of our militant Marxist-Leninist party as the vanguard of the working class and of the entire working people, as the leading force in socialist development in the GDR. Wherever comrades met together in personal talks or members' meetings to discuss their work—in industrial enterprises or agricultural production co-operatives, in the universities or scientific institutions, in government offices or in the party organizations of our National People's Army—discussion was always about those problems which are decisive for the further development of Socialism in the GDR, increasing the national income, or solving other social problems and thus also decisive for the lives of all citizens in our country. This is just what explains why this increased activity on the part of our party radiates into all fields of social life and all strata of the population.

Our party again demonstrates clearly for all to see that through its members, through the workers and cooperative farmers, scientists and cultural workers organized in it, and through its functionaries, it is a part of the nation and at the same time the vanguard of the working people of this nation.

Guidance of Social Processes Primarily of a Political Character

Our party, indissolubly linked with all working people, demonstrates that it is today putting life into the basic truths proclaimed by Karl Marx and Frederick Engels in the Communist Manifesto. The Communists—wrote Marx and Engels—always express the interests of the entire working class, they are the most resolute section of the working class, always pushing forward, clearly understanding the line of march, the conditions, and the ultimate general results of the proletarian movement. It always has the main aim of the movement in view and derives the solution of all other problems from it. The Communists regard political leadership as the most important, since the guidance of social processes in Socialism has a primarily political character.

Without taking political effects into account neither society

as a whole nor any partial field of social life can be guided. "Unless the matter is tackled correctly from a political point of view", Lenin said, "the class in question cannot assert its rule and consequently cannot deal with its production problems."

That is just why political leadership which relies on our Marxist-Leninist ideology and proceeds from the laws of social development is the nucleus of all scientific leadership. Close links between the party and the people, the developing socialist community of man in which the working class is the leading force, are the basic conditions for the further all-round strengthening of the German Democratic Republic as a socialist German nation-state.

The Basis of our Strength

It is important just in this connection to consider once again where the strength of our Socialist Unity Party lies and what foundations it is built upon. What has, so to speak, flowed into the flesh and blood of our older comrades in the course of a life full of struggle must again and again be brought to the attention of those younger comrades who have recently joined us in such great numbers as new comrades-in-arms:—The strength of our party rests upon the fact that it is the party of the most revolutionary class in society, the party of the working class. Thus, the leading role of our party is the political expression of the position of the most class-conscious and best organized class in socialist society.

— The strength of our party rests upon the fact that it is the party which exercises power in the GDR in alliance with the class of cooperative farmers and all working people. From this objective fact results the position of the Socialist Unity Party of Germany as the leading government party in our socialist state, which fulfils this function in community with all the parties and mass organizations represented in the democratic bloc, with all the forces united in the National Front.

— The strength of our party rests upon the fact that it has a revolutionary theory, scientific Socialism founded by Marx, Engels and Lenin, the ideology of the working class. In Marxism-Leninism our party possesses a compass to guide it in the planned shaping of socialist society, in uncompromising struggle against hostile bourgeois ideology, in whatever shape or form it may appear.

— Our party is strong because its ranks are well organized and because of the unity and conscious discipline of its members. The members of the party feel themselves responsible for the whole, and it is a good result of the development of our militant alliance so far that we can rightly say that wherever a comrade or a basic organization is at work the party is present. Guided by the decisions of the Party Congresses and plenary sessions of the Central Committee, members and candidate members of the Socialist Unity Party of Germany carry out the principles of democratic centralism—this highest organization principle of our party. The exchange of party documents and the activation of the party connected with this are not the least convincing evidence of this.

The constantly growing role of the party thus derives objectively from the fact that its policy has become a vital basis of socialist society. Proceeding from the objective laws of development and firmly linked with the practical work of millions of people in town and country, the party finds the solutions which help social developments forwards and mobilizes the working people to carry out the decisions and plans which are in the interest of the entire people.

Living Proletarian Internationalism

The role and essence of our party can only be fully understood when considered from the point of view that the Socialist Unity Party of Germany is a department of the worldwide, invincible international communist and working-class movement. As internationalists we regard our struggle to set up Socialism in the GDR as a part of the world revolutionary process, as our contribution to changing the international relation of forces further in favour of Socialism.

The unshakable foundation for all our efforts is the fraternal bond between our party and the CPSU, which is leading the Soviet people along the road to Communism and is the vanguard in the movement for a revolutionary renewal of the world. The talks and meetings in connection with the exchange of party documents have again underlined this principle. The community in struggle and ever closer cooperation with the Soviet Communists is for our party a constant source of strength and gives us the certainty that we, as comrades of the Socialist Unity Party

of Germany, are for ever linked with the strongest revolutionary force of our day.

Proletarian internationalism is alive in the Socialist Unity Party of Germany and is as much an expression of the feeling of community with the brother parties of the socialist community of states and the entire world communist movement as of solidarity with Communists fighting against imperialism and neo-colonialism.

Who can be surprised, in view of this role of our party as the leading force in the socialist German nation-state, if imperialist opponents and all their accomplices direct their main attack against the Socialist Unity Party of Germany and do their utmost to vilify our party's policy and try—without prospects of success—to undermine our unity and integrity? The imperialists know very well why they do this. They attack the SED in order to hit the GDR. They slander our party and its leading comrades in order to attack Socialism. Their efforts to distort our policy are nothing more or less than an attempt to undermine the foundations of Socialism in the GDR and—let us say this frankly—to prepare the way for the imperialist policy of expansion. After all, in view of the change in the relation of forces which is not in its favour, imperialism wants to adjust to the changed situation by concentrating all its forces available at present in Europe upon penetrating into the socialist countries, and especially into the German Democratic Republic, mainly through ideological channels.

The fact emerged very clearly in the talks and members' meetings that the plans of the imperialists will fail today just as they have failed for decades. The proof of this is 53 years of the Soviet Union and 21 years of the German Democratic Republic. The representatives of imperialism must know that we have not become less experienced but more experienced and that we Marxists are able to take the lessons of history to heart.

The truth is and remains the generally valid experience that the successful construction of Socialism calls for a party of a new type which is organized and acts in accordance with Lenin's principles. In the countries in which the working people are still exploited by capitalism and exposed to imperialist oppression, revolutionary parties of the working class are fighting to lead the working people along the road to their own liberation. This also applies to the imperialist FRG, where our communist class comrades are struggling to safeguard peace and achieve demo-

cratic progress, and anti-imperialist, democratic developments which will one day open the door to Socialism there, too. The life and struggle of the working people throughout more than half a century reaffirms the fact that there can be Socialism only where there is a working class which acts in a revolutionary way and is inspired and led by a party of a new type.

Some Problems in the Work of Our Basic Organizations

Comrades,

The exchange of party documents has again revealed the great importance of the basic organizations. This is also easy to understand, for it is mainly there—at the base, as we say—that the party's policy is transformed into action to strengthen the GDR and shape the developed social system of Socialism. It is mainly there that party life goes on, comrades acquaint themselves with the party line, consult together about their work and problems and find advice and inspiration to tackle them. The basic organizations are the foundation of the party in the sense in which Lenin meant it, the main force in carrying out party policy and the link between the party and all working people, between the party and the people.

Conscious of this fact and of their great responsibility, the basic organizations combined encouragement of widespread activity by party members and all working people, and strengthening and improving political and ideological work directly with their strenuous efforts to fulfil the aims of the 1970 national economic plan. The members' meetings and personal talks were based on the knowledge that this is the way to put our party's policy for the all-round strengthening of the German Democratic Republic into practice in a concrete way.

Points of departure are the experience and consequences of carrying out the 1970 plan and the basic lines for further work on the 1971 national economic plan and on the draft long-term plan for 1971 to 1975 laid down in the resolution of the Political Bureau of 8 September this year and the communiqué of the Council of Ministers on this. These decisions make it clear that the plan is a decisive integral part of the economic system of Socialism. They provide an orientation for all party organizations on how we must conduct the struggle to increase effectiveness and labour productivity and improve quality while lowering costs.

They tell us what we must concentrate upon and what must be done to guarantee a high standard of planned proportional development of the national economy and get the best results with the resources and funds available.

We Cannot Live at the Expense of Others

Our party organizations should organize the struggle to carry out these resolutions everywhere and to make all working people realize

- that we are building socialist society with the people and for the people,
 - that material production is the foundation of social wealth,
 - that the economic laws must be observed and correctly applied,
 - that in all projects economic calculation and effectiveness from the point of view of minimum expenditure of resources is the yardstick,
 - that we can only consume what has already been produced.
- In short, we cannot live at the expense of others.

It was rightly stressed in many members' meetings and talks during the exchange of party documents that the national economic plan is for our party not only a collection of economic and technical key figures but contains the economic aims of social development as a whole. Members stressed that a realistic plan in which the main items are properly balanced strengthens confidence in party and government leadership. It is therefore quite clear how extremely important a balanced plan is for the planned proportional development of the national economy in the future, too. The plan is the expression of social needs and interests as a whole and the struggle to fulfil it must be led in such a way that we also create the foundations for the future tempo of development of intensively extended reproduction. Comrades repeatedly stressed in the talks the need for detailed direct information by managers on what is going on in their enterprises, so that difficulties in plan fulfilment can be overcome in good time.

The Nationally-Owned Fortschritt Agricultural Machine Combine in Neustadt, with its eighteen enterprises, provides us with a good example of the success of party organizations which consistently direct their political and ideological work towards the correct fulfilment of Central Committee decisions. The fact

that the plan—including the export plan—was fulfilled and over-fulfilled steadily, month after month here should be valued even more highly because at the same time theory advanced far enough ahead of practice to guarantee new scientific and technical achievements. The enterprises began to apply more scientific methods of management and planning and to engage in socialist factory management under the conditions of a combine or integrated works. The party organization has a clear idea of how to solve problems, it concentrates forces on essential tasks and sees that workers are kept informed. The workers are systematically prepared for the introduction of new technologies in connection with the production of products which are of peak scientific and technical standard.

Many party organizations in industrial enterprises have gathered valuable experience in complex socialist rationalization, as the discussions during the exchange of party documents revealed. Workers in the Silbitz Steel Foundry had by 31 October fulfilled their pledge to provide 1,300 tons of steel more than planned at an earlier date than planned. As a result of comprehensive rationalization measures, the commodity production plan, the plan to increase labour productivity and production results were over-fulfilled. There were no lags in deliveries in any department. Sixteen socialist work teams are already preparing the rationalization measures to be taken in 1971 and a broad movement has developed throughout the enterprise to produce their own means of rationalization.

Plan Fulfilment Is Not Only a Daily Task

If we consider the members' meetings and talks in the party organizations in the industrial enterprises as a whole, it can also be seen that it was everywhere a matter of finding out how to make use of additional reserves which would be useful in the all-round strengthening of our socialist German Democratic Republic. The problems discussed were those of keeping a steady flow of production, of obtaining raw materials, of cooperation with supply enterprises, of maintaining standards of quality, of the timely and thorough preparation of investment projects. There were critical discussions about violations of planning and work discipline and of working hours not fully used.

The party groups showed that they do not regard plan fulfil-

ment merely as a daily task but as an essential part of political leadership within the process of shaping developed socialist society as a whole. From this basic Marxist-Leninist point of view it is clear that party organizations must be given constant help to do their work better.

These are some of the problems of party work in our socialist industry which emerged and were discussed during the exchange of party documents.

The party organizations in socialist agriculture, in the agricultural production cooperatives, in the voluntary cooperation partnerships and on the state farms consulted together with an equally big sense of responsibility to our socialist state. Characteristic results are a great readiness to cooperate and initiative in continuing socialist emulation to ensure all-round plan fulfilment, and efforts to discover reserves for intensive agricultural production, to become thoroughly conversant with socialist economic management and apply its principles fully in the cooperatives, and to take an active part in dealing with the long-term tasks of social and economic development.

Everywhere, in the party organizations in socialist industry and agriculture, in the scientific institutes and cultural institutions and in the armed forces, discussion centred around improving party work and around the conclusions to be drawn so that comrades can again and again be in a position to march at the head of the working people and set them an example.

In the party organizations in the residential areas much new inspiration was given for mass political work in the residential areas, for more effective party work in the National Front committees and tenants' associations, for developing intellectual and cultural life, providing interesting lectures and making use of all the possibilities in sport. Not least important were the discussions on improving cooperation with people's representatives and government authorities in solving local problems.

For a Full and Interesting Party Life

Comrades,

It is perfectly natural that in the meetings connected with the exchange of party documents considerable attention was paid to the problem of a full and interesting party life. This is evidence of the increasing needs of comrades in regard to political and

intellectual life within the party. We should make use of the evaluation of experience gained in the exchange of party documents to take further steps in this direction, based upon the level already reached and on much good experience.

In the members' meetings and personal talks connected with the exchange of party documents a large number of constructive suggestions, advice and criticism were made which provide an important treasury of experience for us all and should be made use of in future work. These suggestions dealt first and foremost with further development of close contacts between the party and the people:

joint preparation and interesting forms of members' meetings and party group meetings;

the organization of a varied intellectual and cultural life in the basic organizations and party groups;

the greater need of party members and all working people for information and education;

the need to provide comrades more quickly with information for discussion of current political events, so as to increase the effectiveness of ideological work, and finally, a quicker reaction to questions, suggestions and criticism by working people.

If we consider the life and the needs of comrades, what is the main factor in providing an interesting life in the basic organizations which accords with the needs of our Party?

There is no doubt—and this emerged both in opinions expressed in the personal talks and in the members' meetings—those questions must take precedence in party life which arise out of the resolutions, questions arising in daily life which call for an answer and for solution from the point of view of the party's policy. Herein lies a great responsibility for all higher leadership bodies. They should help the basic organizations to do justice to these tasks and give more of their time and energy than hitherto not only to informing comrades about resolutions but also to explaining them thoroughly and consulting with them on ways of putting them into practice.

The party press, and especially its central organ, radio and television have a special responsibility here. Proceeding from the experience gained during the exchange of party documents, they must make big efforts in future, too, to familiarize comrades with the party's policy in such a way that, confronted with the great tasks which they have to deal with day by day, they are in a position to understand the party's policy thoroughly and represent

it before the entire population. The basic principle of our agitation and propaganda—not to argue over people's heads—should be more carefully observed.

We should again make more use of the well-tried method of explaining important problems of policy to party active groups within a relatively short time—through systematic work by groups of lecturers—and developing a widespread system of lectures for the entire population. This would also accord with the suggestions and needs of many comrades.

Ideological Tasks in the Foreground

Comrades,

The work of our party very rightly centres round ideological work, the ideological struggle—and this must also be so in the future. This is of decisive importance for the life of our party and for the further strengthening of our republic. Here we proceed from the fact that the stability and further successful development of the GDR as a socialist state depends upon the correct ideological and political training of our members. The firmer the socialist conviction with which we set about our work the greater will be the success for the community and also for each individual.

Development of the socialist consciousness of the working people of the GDR is a decisive prerequisite for success in all tasks in complex development of our socialist society, in the prognostics and planning of economic and social development and of the scientific and technological revolution under the conditions of Socialism. Here we must of course always bear in mind the development of all the parts of society which determine and supplement each other.

An additional reason why our party allots such a central position to ideological tasks is that building up the new society in the GDR takes place under the conditions of the uncompromising ideological struggle waged by the imperialism of the FRG against Socialism in our republic. A broad anti-communist campaign is under way in the FRG. It is led by the CDU/CSU, by the mass media of the Springer trust and extends into radio and television. Rightwing social democratic leaders have also been very active recently.

The latest anti-communist decisions and statements by Social

Democratic Party leaders in the FRG have—as the Political Bureau's report already pointed out—made this perfectly clear to everyone. With regard to the timing and the extent of these statements, it is not a question of coincidental or temporary measures, but of basic decisions connected with the Social Democratic Party leadership's political concept as a whole. Our members have again been clearly shown—through documents—that the social democratic leadership in the FRG takes up a position on the farthest right wing of the Second International.

We note at all events that in view of the Marxist-Leninist ideological offensive and the political initiative taken by the socialist countries the bourgeois ideologists of the FRG are making strenuous efforts, with the help of an anti-communist and also an anti-Soviet campaign, to maintain the influence of imperialist ideology and even to spread it. And it is clear that we cannot remain passive observers of these developments.

The opening party schooling meetings and the first group meetings, as well as the increased ideological activity in the basic organizations resulting from the exchange of party documents have already created the right atmosphere for carrying the ideas of Marxism-Leninism and the policy of our party and government into the masses in a militant way, for strengthening socialist consciousness and calling decisive halt to all hostile ideological influences.

Exchange of Documents Encouraged Political Discussion

Comrades,

The frankness of the talks connected with the exchange of party documents contributed very largely to the fact that all problems of our internal development and also of foreign policy were discussed with comrades. This is excellent. This is how it should be in our Party. And we consider it quite normal that at a time of great political events and conflicts—especially when complicated political processes are under way—questions come up and political problems are discussed. The important thing is that these questions must be answered, from the firm position of our Marxist-Leninist ideology and in accord with the policy of our party.

We can state with great satisfaction that our comrades spoke at the talks and meetings in a manner thoroughly in accord

with the party and thus contributed much to the work of political persuasion among the population. This applies especially to current political events.

We consider it important, for example, that in the process of political enlightenment the conviction has become firmer in recent months that the establishment of relations of peaceful co-existence between states with different social orders, such as the treaties between the USSR and the FRG and the People's Republic of Poland and the FRG, is useful for all countries. At the same time, in the course of the exchange of documents our comrades stressed their point of view that there can be no coexistence in the field of ideology. This is of really decisive importance for an understanding of political events and for a firm standpoint. For peaceful coexistence between states with different social orders and uncompromising struggle against bourgeois ideology of all kinds are not only not mutually exclusive but form an entity. And moreover, ideological firmness and uncompromising struggle against imperialist ideology, against social democratism, are essential conditions for an active policy of peaceful coexistence.

The consistent integration of the German Democratic Republic into the socialist community of states, the fraternal alliance with the Soviet Union and all socialist countries and the joint coordinated policy of our states offer a favourable basis for such an active policy of peaceful coexistence between states with different social orders. There is no room for illusions. As the reports show, this is how our comrades evaluate the situation and one can only agree with them.

There Can Be No Rapprochement between Socialism and Imperialism

Our comrades, and all citizens of the GDR with them, know very well from their own experience that for the past twenty years and more a ruthless struggle against the GDR has been conducted in an openly revanchist manner by the governments of the FRG under the leadership of the CDU/CSU, with the aim of damaging and finally liquidating Socialism in the German Democratic Republic. It is therefore clear that we welcomed the fact that the open revanchists were forced to retire from the government in Bonn. But of course we also knew the deeper

reasons for this development. Big capital in the FRG had realized that the policy practised by the CDU/CSU had failed and sought for altered tactics adapted to the changed relation of forces so as to be able to achieve their old aims despite this.

This problem was discussed frankly in numerous party meetings. Our comrades have in any case not permitted their vision to be clouded. They have realized that the government of the FRG, despite a certain realism in its attitude which should certainly be regarded as positive, continues to aim at shaking the social and economic foundations of the GDR with its formula of the so-called "unity of the nation" and the "special inner-German character" of relations between the GDR and the FRG. The slogan, "special inner-German relations" is nothing more nor less than a modified revanchist expression, for in the final analysis it aims at the subordination of the GDR to the imperialist FRG which could not be achieved earlier by other means. But nothing will come of this so far and nothing will come of it in future, either.

Anyone who proceeds from the Marxist-Leninist theory of class struggle knows that imperialism and Socialism have nothing in common and that there can therefore be no rapprochement between them. This applies to the system and also to the states which represent this system. The statement that an objective process of demarcation and not of rapprochement is taking place between the socialist GDR and the imperialist FRG is therefore of great importance in principle both for the policy and for the ideological work of our party.

We take a firm stand on this question. Our policy is directed towards the further all-round strengthening of the GDR, towards increasingly close cooperation and integration in the socialist community of states. Who could expect our enemies to praise us for this! Our comrades—and the meetings and talks confirmed this—think through the question of demarcation between the socialist GDR and the imperialist FRG to the end.

This much is certain: if policy continues to be laid down in Bonn on the basis of the fiction of an alleged "unity of the nation", this has nothing to do with realism and is doomed to failure in the long run.

Social Democratism Means Disarming the Working Class

This is just the time when we should recall Lenin's statement that there are times when it is not easy to decide who are one's friends and who are one's enemies. To achieve this—to persuade credulous people that capitalism and its policy are changing—imperialism presents itself today in a new garb. In politics and ideology, social democratism in particular is one of the new shapes in which imperialist policy appears, because of its adaptation to the changed relation of forces in favour of Socialism.

Social democratism is in essence the negation of the necessity of a revolutionary party of the working class, a party of a new type, under whose leadership the working class overcomes imperialism, itself seizes political power and takes the road to Socialism. Social democratism aims at the opposite. It means disarming the working class, splitting its ranks, delivering the working class to bourgeois ideology. It aims at integrating the working class into the imperialist system, protecting capitalism from convulsions and, in foreign policy, pursuing the imperialist policy of expansion.

The decisions of the SPD Executive in the FRG leave no doubt whatever about this, especially since it is repeatedly stressed that the intention is only to contribute better than the conservative forces to helping capitalism over its weaknesses and to combat Communism.

The difference between the conservative forces in the service of monopoly capital and the representatives of social democratism consists professedly in the fact that both trends act with different tactics and different methods in the service of the same imperialist aims. The SPD chairman himself has provided a current example of this. At the very time when responsible SPD leaders were declaring that there could be no unity of action with Communists against ultra-rightwing forces, he remarked that no ideological gulf should be allowed to open up between the conservative forces of the FRG and the SPD.

The comrades of our party—this was stated repeatedly at the recent members' meetings—feel themselves very closely linked up with Communist comrades in the FRG and renew their assurances of sympathy and solidarity in the face of sharpened ideological struggle.

With Full Strength for Our Common Socialist Cause

Comrades,

Our party is a militant alliance of like-minded, that is, of people linked together by a common ideology and a common aim. The strength of the party depends to no small extent upon how each individual comrade, in his own place and in the ranks of his party group, contributes to the common socialist cause.

This calls for strenuous efforts from every comrade if, as a master in his own field, he is not only to maintain his position but also to move forward. But this is only one aspect of the matter. At the same time every Communist—regardless of what field he works in or what function he exercises in our party—must be an expert in Marxism-Leninism, a consistent fighter for Socialism. In this sense a high standard of education of all our comrades is a key problem for the further development of our party and for further successes. That is why the question of political and professional training took such an important place during the exchange of documents. For many comrades the talk was the beginning of a new stage in his personal development.

Who would dispute the fact that, in view of the manifold character of the social processes, the number of tasks and problems, only the collective group is in a position to grasp all the factors leading to correct decisions and correct action—on the basis of the line worked out and decided upon by the party. The results of the talks with the members of our party have also shown this. To reach a correct decision it is sometimes necessary—as the saying goes—to measure ten times before cutting, that is to say, the pros and cons must be thoroughly weighed up. After the decision has been taken—and this is also an iron law of our Marxist-Leninist party—every possible effort is made to put the decision into practice.

We can therefore say in conclusion that the exchange of party documents and the activity of all basic organizations, members and candidate members connected with it brought up both the basic problems of the leading role of our party and the problems of daily practical life.

And here it is not least important that our party exhibits a genuinely human relationship between comrades and towards all working people with whom they live and work. Indifference and heartlessness and formal administrationism are foreign to our party and we must not permit such attitudes. Wherever com-

rades meet, wherever they act together at work, at members' meetings or in the residential areas, a spirit of genuine comradeship prevails. Such an attitude of trust and friendship between comrades is genuine solidarity. It radiates out to all citizens of our state, especially to young people, who feel drawn to our party to no small degree as a result of this.

The exchange of party documents has shown that our party, relying on its experience and in close alliance with the Communist Party of the Soviet Union and all fraternal parties, aims at giving its entire strength to the further successful development of the socialist society in the German Democratic Republic, to the all-round strengthening of our socialist German nation-state.

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