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KOMMUNIST

No 10, July 1987

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REPORT ON THE 25 JUNE 1987 CPSU CENTRAL COMMITTEE PLENUM

Moscow KOMMUNIST in Russian No 10, Jul 87 (signed to press 29 Jun 87) pp 3-4

[Text] The regular plenum of the CPSU Central Committee opened on 25 June 1987. The plenum considered the item "On the Party's Tasks in the Radical Restructuring of Economic Management." A report on this topic was delivered by M.S. Gorbachev, CPSU Central Committee general secretary.

The participants in the plenum were had had the opportunity of becoming acquainted in advance with the theses contained in Comrade M.S. Gorbachev's report and with a survey of the letters of the working people on problems of restructuring the management of the national economy.

The following comrades took part in the debates which followed the report: V.V. Shcherbitskiy, first secretary of the Ukrainian Communist Party Central Committee; V.I. Vorotnikov, chairman of the RSFSR Council of Ministers; B.N. Yeltsin, first secretary of the Moscow CPSU Gorkom; Ye.Ye. Sokolov, first secretary of the Belorussian Communist Party Central Committee; V.T. Adylov, head of a turners' brigade, Tashkent Aviation Production Association imeni V.P. Chkalov; G.P. Bogomyakov, first secretary of the Tyumen CPSU Obkom; L.N. Zaykov, CPSU Central Committee secretary; G.V. Kolbin, first secretary of the Kazakhstan Communist Party Central Committee; V.P. Nikonov, CPSU Central Committee secretary; V.K. Mesyats, first secretary of the Moscow CPSU Obkom; N.V. Talyzin, first deputy chairman, USSR Council of Ministers and chairman of the USSR Gosplan; M.G. Vagin, chairman, Kolkhoz imeni V.I. Lenin, Koverninskiy Rayon, Gorkiy Oblast; A.A. Logunov, vice president, USSR Academy of Sciences, rector, Moscow State University imeni M.V. Lomonosov; P.M. Telepnev, first secretary of the Arkhangelsk CPSU Obkom; D.I. Patiashvili, first secretary of the Georgian Communist Party Central Committee; and Yu.P. Batalin, deputy chairman, USSR Council of Ministers and chairman of the USSR State Construction Committee.

Debates on the report submitted by M.S. Gorbachev, CPSU Central Committee general secretary "On the Tasks of the Party in the Radical Restructuring of Economic Management" continued at the CPSU Central Committee Plenum on 26 June 1987.

The following comrades spoke: Yu.F. Solovyev, first secretary of the Leningrad CPSU Obkom; B.I. Gostev, USSR minister of finance; Yu.I. Lobov,

party committee secretary at the Izhmash Production Association imeni D.F. Ustinov, Udmurt ASSR; A.P. Filatov, first secretary, Novosibirsk CPSU Obkom; L.A. Voronin, deputy chairman, USSR Council of Ministers, and chairman, USSR Gosstab; B.M. Volodin, first secretary, Rostov CPSU Obkom; K.G. Vayno, first secretary, Estonian Communist Party Central Committee; A.Ya. Kolesnikov, head of a comprehensive mining brigade, Molodogvardeyskaya Mine, Krasnodonugol Production Association, Ukrainian SSR; A.A. Khomyakov, first secretary, Saratov CPSU Obkom; N.S. Konarev, USSR minister of railways; N.N. Shcherbakova, weaver, Trekhgornaya Manufaktura imeni F.E. Dzerzhinskiy Cotton Fabrics Combine, Moscow; S.A. Shalayev, chairman, AUCCTU; P.S. Fedirko, first secretary, Krasnoyarsk CPSU Kraykom; A.D. Lizichev, chief of the Main Political Directorate of the Soviet Army and Navy; I.S. Belousov, USSR minister of shipbuilding industry; and M.I. Klepikov, brigade leader, Kuban Kolkhoz, Ust-Labinskiy Rayon, Krasnodar Kray.

A concluding speech was delivered by M.S. Gorbachev, CPSU Central Committee general secretary.

The plenum adopted an expanded decree on the matter under discussion, which was published in the press.

The plenum ratified the "Basic Regulations on the Radical Restructuring of Economic Management," which was submitted by the CPSU Central Committee Politburo.

The plenum approved the draft USSR Law on the State Enterprise (Association), the drafting of which was approved taking into consideration its nationwide discussion, and instructed the USSR Council of Ministers to submit it to the USSR Supreme Soviet for its consideration.

The plenum passed a resolution on convening the 19th All-Union CPSU Conference on 28 June 1988 in Moscow, in the Kremlin Palace of Congresses.

The CPSU Central Committee Plenum considered organizational problems.

The plenum promoted Comrades N.N. Slyunkov, and A.N. Yakovlev from candidate to full members of the CPSU Central Committee Politburo.

The plenum elected Comrade V.P. Nikonov, CPSU Central Committee secretary, member of the CPSU Central Committee Poliburo.

The plenum promoted Comrade D.T. Yazov, USSR minister of defense, from candidate to full member of the CPSU Central Committee and candidate member of the CPSU Central Committee Politburo.

The plenum relieved Comrade S.L. Sokolov from his duties as CPSU Central Committee Politburo candidate member in connection with his retirement.

The plenum promoted Comrades L.D. Bryzga, machine-milking operator at the Pamyat Ilichea Kolkhoz-Combine, Belorussian SSR, and N.A. Pavlov, petroleum and natural gas extraction operator, Surgutneft imeni 50-Letiya SSSR

Administration, Tyumen Oblast, from candidate to full members of the CPSU Central Committee.

The plenum removed from the CPSU Central Committee Comrade D.A. Kunayev for serious shortcomings allowed in the management of the republic party organization in his position as first secretary of the Kazakhstan Communist Party Central Committee.

With this the CPSU Central Committee Plenum concluded its proceedings.

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SPEECH BY M.S. GROBACHEV AT THE CPSU CENTRAL COMMITTEE PLENUM 25 JUNE 1987:
ON THE PARTY'S TASKS RELATED TO THE RADICAL RESTRUCTURING OF ECONOMIC MANAGEMENT

Moscow KOMMUNIST in Russian No 10, Jul 87 (signed to press 29 Jun 87) pp 5-47

[Text] Comrades:

We are holding this plenum on the eve of a most important event in the life of our party and our entire society. In a few months the country will be celebrating the 70th anniversary of the Great October Socialist Revolution.

The Great October Revolution proclaimed to the world the birth of a new state of workers and peasants. It asserted the humane principles of the socioeconomic development of the society, ennobled the working man and gave scope for the initiative and creativity of the masses. All of this enabled us, in the shortest historical time, to turn our country into a powerful industrial state, successfully to solve most difficult social problems and to create a great multinational union of peoples advancing on the path of socialism.

Each generation of Soviet people has made its contribution to the development, strengthening and defense of the gains of the October Revolution. We are justifiably proud of our history and look at the future with confidence.

At the present stage the Soviet people and the party, guided by and creatively developing the Leninist doctrine, are continuing the revolution through restructuring and renovation of all areas of social life.

Today we must consider one of the paramount problems of restructuring. This applies to a radical reform in the management of the economy and quality changes in the system of the economic mechanism. These are changes which will provide new opportunities for putting to use the advantages of the socialist system.

Before taking up this question, the Politburo deems necessary to submit to the Central Committee an assessment on the course of restructuring and the implementation of the resolutions of the 27th CPSU Congress.

I. On the Path of the April Plenum

Some Political Results of Restructuring

Comrades: The time since the April Plenum has been one of the most important and politically saturated periods in the history of our party and the life of the people. It was characterized by intensive theoretical and practical work and searching and in solving new problems encountered by Soviet society.

We can confidently say that in 2 years the political situation in the country has changed substantially. There is increasing understanding of the fact that the need for restructuring was brought to life by the growing contradictions in the development of the society which, gradually accumulating and not promptly resolved, had assumed essentially pre-critical aspects.

It was under such difficult circumstances that the party drafted the course of restructuring. We began to move ahead. The process of renovation is assuming increasingly specific forms, encompassing an ever broader range of problems and affecting new strata of social life.

Restructuring in society is intensifying and growing. It is aimed, above all, at unraveling the contradictions which form the main links of the obstruction mechanism and thus giving social development a powerful and irreversible impetus for acceleration.

It must be clearly understood that we consider the objectives of accelerating socioeconomic development not only as surmounting the lagging and deformations which occurred in various areas of social development. Dictated by historical necessity and the radically changed domestic and international conditions, they are aimed at helping socialist society reach a new qualitative status.

History has not left us much time to solve this problem. It is precisely by the development of restructuring and its results that the possibilities of socialism will be judged, by what it will practically give the individual and the extent of social efficiency.

It is this, comrades, that determines the scale of the steps being taken and the extent of our responsibility.

The changes which occurred in the society after the January Plenum indicate with particular clarity that the healthy forces in the country, the working people, firmly favor restructuring, acceleration and the urgent solution of imminent problems, and the unquestionable elimination of stagnation and conservatism.

The process of democratization of all aspects of life is widely developing and intensifying in the country. The social organizations are showing greater initiative. Democratic principles in production management are gathering strength. Public opinion is proclaiming its presence more clearly and firmly. The mass information media have begun to work more actively in the interest of restructuring. An offensive has been mounted on bureaucratism. Administrative-pressure management methods are being gradually eliminated.

Important changes are taking place in the work of cadres and their renovation as a result of the influx of fresh forces is under way.

The experience in democratization convincingly proves that we are on the right track. This offers extensive possibilities of perfecting our political system and entire society.

The current explosion of spiritual activeness may be classified as one of the achievements of restructuring. Public interest in the processes occurring in science, literature and art and in materials published in the press and broadcast on radio and television has increased. The people want to know more about the country's past, present and future; attention to social and governmental affairs and to conceptual and moral-ethical problems has become sharper and closer.

In undertaking the reform of secondary and higher schools, we are taking an important step toward the creation of a modern educational system. All of this highlights new possibilities of further development and intensification of restructuring.

If we speak of a political assessment of the processes taking place in the economy, I would put first the changing attitude of the people toward labor and the implementation of their production obligations. This is largely determined by the fact that the working people are supporting through their actions the line of restructuring and acceleration of socioeconomic development. This is first.

Second, it is related to the conversion of many economic sectors to new economic management methods, full cost accounting and self-financing, meanwhile developing progressive forms of labor organization, the collective contracting system above all.

To a certain extent, the new situation has influenced economic results as well. The growth rates of labor productivity have increased. On an average, in the past 2 years, they exceeded the average annual indicators for the 11th 5-year period by a factor of 1.3 in industry and construction, 2 in agriculture and 3 in rail transports. In 1985 and 1986 growth rates averaged 4.4 percent for industrial output and 3 percent for agriculture. A positive trend was manifested in capital construction, which is an important sector and which had found itself in a difficult situation. Although with difficulty and struggle, positive changes are also taking place in the other economic sectors.

Additional resources were found for strengthening the material base in the social area. Nearly 40 billion rubles are being allocated for such purposes over and above the amount stipulated in the 5-year plan. This year the growth rates of capital investments in the development of the social sphere will be triple those of the national economy as a whole.

You will agree, comrades, that obviously the period which followed the January Central Committee Plenum deserves a special study and political evaluation. What should be noted in this area above all?

It can be said that a new stage has begun in restructuring, the stage of implementation of specific tasks along all lines and in all areas of social life.

The January Plenum gave a powerful impetus to labor and social activeness. It became obvious that no one can stand aside of restructuring and that everyone must assume his right place. During those months the Soviet people felt particularly sharply the complexity of the problems which had developed; they are realizing with growing clarity the need for a truly radical change and for a systematic implementation of a line of renovation. At the same time, the understanding that restructuring is a difficult and conflicting process has increased in the party and society.

Revolutionary changes in society highlighted the contradiction between the need for renovation, creativity and constructive initiative, on the one hand, and conservatism, inertia and self-seeking interests, on the other. One of the manifestations of this real contradiction is the disparity between the growing activeness of the masses and the still remaining bureaucratic style of work in a great variety of areas and efforts to block restructuring. The surmounting of this contradiction requires fast and decisive steps in cadre policy and in the assertion of new approaches and norms of party, state and social life.

What does the Politburo consider as the most efficient means of solving this contradiction? The answer is simple and clear: the extensive development of democracy. Today, as reality confirms this yet once again, it is precisely the command-administrative forms of management of society that are hindering our progress. It is only democratic forms that can give it a powerful acceleration.

The experience of restructuring and its initial stage also call upon us to take a close look at the factual contradictions among the interests of the different population groups, collectives, departments and organizations. Unquestionably, socialism eliminates the antagonism among interests. This is a true and familiar concept which, however, does not mean in the least that the elimination of antagonistic interests represents their unification or equalization.

Let us consider the attitude toward restructuring. As a whole, a general understanding prevails of the impossibility of continuing to live and work as before and of the objective need for restructuring and profound change. However, the moment restructuring began sharply to turn into practical action and to imbue all social strata and reach the individual, we realized the emergence of the contradiction between short-term narrowly understood interests and even egotistical motivations of individuals and groups and the interests of the entire society, the long-term interests of the working people.

We clearly see the difficulties in the development of restructuring in party, soviet and economic agencies. We also see how painfully it is being accepted by some central departments. The difficulties of restructuring are confirmed by the experience of state inspection, the struggle against drunkenness and

alcoholism, and the efforts to bring order and discipline. They are confirmed also by the initial steps taken to apply cost accounting and to assert the type of wage principles in which wages are entirely related to end results. All of these, comrades, are real processes and vital contradictions which we must see and take into consideration.

Society cannot be guided by self-seeking interests and actions. We must fight them decisively. Here as well a proper example is set by the working class, the labor collectives, particularly of enterprises where state inspection has been introduced. As we know, this is no simple matter. It has affected the interests of millions of people. Nonetheless, the working class has clearly defined its position: state inspection is something which is necessary and needed by the entire society, the entire people and every individual.

The working class is daringly following the path of renovation. I would say that in all matters the working class is in the vanguard of restructuring. This is of decisive significance in terms of its success. The labor collectives are undertaking in a spirit of initiative the solution of the key problems of the country's socioeconomic development, putting in the first place the prompt and qualitative implementation of contractual procurement obligations. The competition in honor of the 70th anniversary of the Great October Revolution is gathering strength. In short, the working class is charging restructuring with high energy.

Particularly unseemly against the background of the truly civic-minded position taken by the working class is the behavior of those who, for the sake of selfish benefits, are hindering social changes and blocking restructuring. I believe that labor collectives and party and public organizations must display firmness in their attitude toward such people and show no tolerance toward them. This is a demand of reality and this is the way the Politburo views this matter.

The question of harmonizing public with individual interests is reformulated under the conditions of restructuring. The search for proper correlation between the two is of tremendous importance. It is a very practical task. It is a question of taking into consideration the entire set of interests of the individuals, collectives, classes, nations, nationalities and social and professional groups and the complex dialectics governing relations among them, in order to ensure the dynamic development of the society.

Interest must be developed and guided also through the new economic management mechanism, the democratic institutions, politics, ideology and culture. The meaning of restructuring, in the final account, is precisely to take into consideration interests and to influence and guide them.

Let us also mention contradictions in labor and distribution relations, which we encountered when we started converting to full cost accounting, wages based on end results and collective and family contracts. What obtained here? The basic principle of socialism "From each according to his capabilities and to each according to his work" was frequently sacrificed in practice to a simplistic understanding of equality. Today such problems are being actively discussed not only on the economic but also on the moral and ethical levels.

It may seem clear that equality does not mean equalization. In practice, however, frequently something else happened. The trend toward equalization stubbornly made its way. It created dependency, it adversely influenced the quantity and quality of labor and lowered incentives for increasing its productivity.

Again and again we must emphasize that true equality can be ensured only with all political, economic, social and legal means at the disposal of socialism.

We are proud of the high degree of social protection of the individual in our country. That is what makes socialism what it is, a system by and for the working people. However, the base of the material and moral situation of the individual in socialist society must be labor and only labor. The creative and highly productive toil, talent and real contribution of the individual to the common weal must be comprehensively encouraged. Conversely, passiveness and inactivity, low labor standards and antisocial manifestations must be suitably assessed, both socially and economically. This precisely is the socialist meaning of social justice.

Comrades, I have touched only on part of the problem, most tangibly expressing the contradictoriness of occurring phenomena. The novelty and scale of the tasks demand constant attention to the scientific study of the course and socioeconomic consequences of restructuring and the contradictions within this complex social process. We vitally need a main breakthrough on the theoretical front, based on the strict study of the totality of facts of social life and the scientific substantiation of the objectives and prospects of our progress. We cannot successfully advance by the trial and error method. This is very costly to society. The art of political leadership requires the ability to identify and efficiently solve contradictions instead of suppressing and accumulating them, converting them into a source of progress and self-development.

The founders of the Marxist-Leninist doctrine left us inspiring examples of daring in theory and in achieving profound breakthroughs into the future. The experience of the Paris Commune gave Marx the opportunity of developing the question of the ways of transition from capitalism to communism. On the basis of the first years of socialist changes in Soviet Russia, V.I. Lenin developed and enriched the theory of building a socialist society. Today we must profoundly interpret the practice of socialist development and the richest possible experience which both we and the fraternal countries have acquired, and consider it in its entire variety. Work in this area has already been undertaken and we already have some important results on which we rely in formulating and implementing our policy. The main work, however, lies ahead.

As a whole, comrades, despite all complexities, difficulties and obstacles, we can say here, with full justification, that restructuring has won an ideological and moral victory. It has grown in scope and depth.

In making such a responsible assessment, however, we must not allow any exaggeration, not to say placidity. Essentially, we are currently riding the crest of the first wave of restructuring, a wave which has stirred up the stagnant water.

The party awakened the activeness of the masses. It is our duty not to allow this thrust to abate but instead to develop it, to let it show its full strength. What makes pointing this out even more necessary is that the working people are not losing their concern for the future of restructuring. The people continue to counsel us and, I would say, to demand of us not to stop, but to go forth on the path of change. Recently, during my trip to Baykonur, in a talk with the working people in Leninsk, I was asked when will restructuring reach them? I answered that present at that meeting were the heads of the republic and the oblasts, that they are listening to us talk and that they should think of the reason for which such a question is asked and draw proper conclusions for themselves.

Or else consider the letters received by the CPSU Central Committee, USSR Supreme Soviet Presidium, USSR Council of Ministers and editors of central newspapers and journals, and the radio and television. The people are asking the same question. They are writing that they support restructuring but see no change around them. Restructuring has not affected the labor collectives and the towns and countries where they live and work. They cite a great deal of proof. Therefore, despite the tremendous efforts, in many areas restructuring has still not really come. Comrades, this is a very serious symptom. The Politburo cannot ignore this situation which was repeatedly discussed in preparations for this plenum.

What conclusions did we reach?

Restructuring was initiated by the party and is taking place under its guidance. The party stirred the country, led with its ideas millions of people and generated tremendous hope. And if today the working people are concerned by the slow course of change, this means that we are allowing weaknesses in our work.

The facts prove, comrades, that an alarming trend has developed--a number of party organizations have fallen behind the prevailing mood and the dynamic processes which are developing in the society. Obviously, this matter must be considered at our plenum. Today this is a key aspect of the work. Restructuring will develop in accordance with the party's actions.

When 2 years ago we demanded of the leading party, soviet and economic cadres to organize their work efficiently, the frequent answer we heard was the following: we understand the new tasks, but give us time to assess the situation, to master the new ways and means of activity and to put them to practical use.

This was understood by the Politburo. We said at that time that everyone will be given both time and a chance to restructure. The work, comrades, however does not wait. We must not allow restructuring in the party to fall behind the economic, social and spiritual processes which are taking place and for changes in the life and moods of the people to outstrip the understanding of such processes by the party, not to mention its leading authorities.

The working people justly write that those who wanted to restructure themselves have already done so and have joined in the work. Those who have

not understood the new tasks continue to cling to the old and, through their inaction, are actually sabotaging restructuring. That is why the Politburo specifically raises the question of upgrading the responsibility of party members and managers of party, soviet and economic authorities for the situation and for the real solution of imminent problems and the course of restructuring.

Exigency must be increased on all levels. We must begin with ourselves, with the Politburo, the Secretariat, the government and the members of the Central Committee.

At the present crucial stage in the development of society, the Central Committee Politburo assumes tremendous responsibility. Naturally, to assess its activities is the prerogative of the Central Committee. I would like to assure you that the Politburo is profoundly aware of its responsibility to the Central Committee, the party and the people for the solution of the new difficult problems. Within a short time extensive work was done in all areas of social change.

Let me point out that unity of views on the basic problems of restructuring and on domestic and foreign policy prevails among the leadership of the party and the country. This unity allows us to make and confidently to implement decisions dictated by the time. I believe that although this is always important it becomes particularly important during crucial periods of development.

On behalf of the Politburo I must self-critically say that we also see our weaknesses in practical activities. Some important decisions on major problems of the country's development are being implemented slowly and incompletely. The Politburo held a principled and frank discussion on this subject. We have now adopted the rule of regularly analyzing at meetings of the Politburo and the Central Committee Secretariat, for purposes of control, the implementation of the most important resolutions which were passed after the April Central Committee Plenum and the 27th CPSU Congress.

The USSR Council of Ministers is functioning actively under the conditions of restructuring. Nonetheless, it must continue to improve its activities in managing the economy and implementing social policy tasks, combining its concern for long-term development with the solution of current problems. The restructuring of the central departments is taking place more slowly than is necessitated by reality.

It is clear to us that the changes we are making are impossible without the active efforts of the local party, soviet and economic authorities and all leading cadres. They assume great responsibility for the practical solution of specific problems of restructuring. What we have scored today as positive accomplishments has been largely related to the work of the local organizations. I believe, however, that you will agree that reconstruction in the local areas as well is only beginning to develop, and not everywhere at the same pace. Here and there "reserves" of inertia and lack of initiative remain. These too are realities which we have no right to ignore or even less so to leave without attention and party assessment.

The Primary Tasks of the Current Stage in Restructuring

Comrades! Our task is to take a critical view on the state of affairs and objectively to analyze successes and weaknesses in restructuring. A principle-minded and frank discussion is needed along with specific suggestions and constructive ideas.

Let us begin with the development of the national economy. The Politburo pointed out at the proper time the difficulty and responsibility of this year's tasks. It seemed as though everyone understood this. However, major errors were made from the very first month of the year, which led to breakdowns in many economic sectors. The Politburo and the government had to take urgent steps to correct the situation and although it is being normalized, nonetheless substantial harm was done.

Whatever occurred at the beginning of the year could have been anticipated and prevented. However, this was not done and the main culprits for that are the USSR Gosplan (Comrade N.V. Talyzin) and USSR Gosplan (Comrade L.A. Voronin).

But errors were not made by these agencies alone. The Ministries of Ferrous Metallurgy (Comrade S.V. Kolpakov) and Chemical Industry (Comrade Yu.A. Beshpalov) failed to take the necessary steps promptly. The failure of contractual procurements of enterprises under these ministries led to breakdowns in the rhythm of work of other economic sectors, machine building above all.

The Ministry of Machine Building for Animal Husbandry and Fodder Production (Comrade L.I. Khitrin) frustrated the implementation of the plan for the delivery of equipment to kolkhozes and sovkhozes for the first 5 months of the year. This was caused by the low level of organization of the work of many enterprises in the sector, particularly in terms of the quality of output. The potential in that sector is not yielding proper returns.

Or else let us consider light industry, which was converted to the new economic management conditions. Citing objective difficulties, the leadership of that sector refused to accept many orders placed by stores and undertook to curtail output. Yet real possibilities for growth exist. Serious efforts should have been made to undertake the production of goods in demand, goods which consumers are waiting for, instead of commodities which are not in demand. The position taken by the Ministry of Light Industry and by Minister Comrade V.G. Klyuyev is an example of the way departmental interests are placed above the needs of society and, therefore, the interests of the people. No other assessment in this case is possible.

In connection with all this let me particularly emphasize the responsibility for restructuring of the central management authorities. Taking the new tasks into consideration, such responsibility must be comprehensively enhanced.

For example, we have a program for modernizing domestic machine building. This is a major project and extensive work has developed here aimed at achieving major end results.

Let us frankly say, however, that we are concerned with the situation in machine building, in the Ministries of Heavy and Transport Machine Building, Electrical Equipment Industry, and Machine Building for the Live and Food Industry and Household Appliances. We are still far from a drastic change in instrument-making, although some efforts have been made in this area.

Problems of modernization in other machine building ministries as well are being resolved sluggishly. Naturally, we realize that the machine builders encountered major difficulties and complexities. It is a question of a radical restructuring of the work of the entire machine building complex. It is difficult to understand, however, the reason for which, under these circumstances, many ministers, party committees and apparatus of ministries are acting as though they are engaged in the solution of ordinary problems. In the present situation, the Machine Building Buro (Comrade I.S. Silayev), the Gosplan and Gosstab and some CPSU Central Committee departments are obviously lacking activeness and efficiency in their work. Clearly, the situation in the machine building complex should be considered by the Politburo and the USSR Council of Ministers.

Comrades: I already pointed out that by no means have all party and soviet local authorities actively engaged in restructuring. For example, restructuring is spinning its wheels in Armenia. The republic's working are being greatly concerned with the situation which has developed in the economy and, particularly, in the ideological and moral sphere. Meanwhile, the leadership of the Armenian Communist Party and, above all, Comrade K.S. Demirchyan, first secretary of its Central Committee, believe that the situation in the republic is entirely satisfactory. Furthermore, some people are even claiming that restructuring in Armenia began even before the April CPSU Central Committee Plenum. It is difficult to imagine what they mean in this case.

The republic is displaying a totally unjustified calm. No proper exigency toward cadres exists and no efficient struggle has been mounted against bribery, speculations and favoritism. The Armenian Communist Party Central Committee must profoundly analyze the situation in the party organization and in the republic at large on the basis of principle-minded positions and undertake restructuring not in words but in action.

Few noticeable changes for the better are taking place in a most important oblast party organization such as Gorkiy. Here many vitally important problems are being resolved unsatisfactorily. The oblast's powerful potential is not being properly used. The social sphere and the agrarian sector of the economy are being developed poorly. It is to be hoped that the oblast party committee (Comrade Yu.N. Khristoradnov) and all oblast party organizations will draw conclusions from the criticism and correct the situation.

The CPSU Central Committee departments as well must adopt a new style of work under the new circumstances. They must more profoundly influence the state of affairs in the republic, kray and oblast party organizations and organize control over the implementation of CPSU Central Committee decisions.

Comrades, the view has been taken in the party and in society that restructuring is a long-term policy and that raising Soviet society to a new level will not be achieved in one fell swoop. However, it turns out, some comrades have interpreted this accurate and realistic concept as though restructuring is not related to our overall strategic concept of acceleration and that it can be carried out unhurriedly, without any particular concerns and without too much hard work. This is a grave error for at least two reasons.

First, as it were we have lost years and decades; second, the "shining future" may not come about unless we work today with the sweat on our brow, changing our way of thinking, eliminating inertia and developing new approaches. Considerations to the effect that "restructuring can wait," are harmful and dangerous. The Politburo formulates the problem as follows: as of now, at the initial stage in restructuring, tangible practical results must be achieved at each work sector and by everyone in his area of work.

The Soviet people realize that achieving many targets of restructuring will require lots of time. However, they justifiably ask the following: Why is it that the urgent and relatively simple problems which could substantially improve working and living conditions, the way of life and the moral and spiritual atmosphere are not being resolved today?

Nor have our people ignored the fact that here and there not only is there no progress but even already captured positions are being surrendered. Let us consider the struggle for discipline and order. It is a fact that in a number of places enthusiasm has dampened and the work is being done extremely sluggishly. Once again the incidence of drunkenness has increased and once again idlers, parasites and drifters, people who live at the expense of others, feel free.

This, comrades, justifiably concerns the working people. The periodically recurring big and unusual accidents indicate violations of discipline and lack of necessary order. As a rule, they are due to the same reasons: lack of discipline, slackness, irresponsibility and negligence. The was also the reason for the violation of Soviet air space and the landing in Moscow of a West German sports airplane. This is an unprecedented case from all points of view. It reminds us one more time of the power and durability in our society, and even in the Armed Forces, of the negative phenomena which were exposed at the April Central Committee Plenum and the 27th Party Congress. This emphasizes the need to increase vigilance, to act even more decisively, and to strengthen comprehensively discipline, organization, responsibility and expediency on all levels. On behalf of the Politburo and the Defense Council I firmly state that no doubt should exist in the party or the people of the ability of the Armed Forces of the USSR to defend the country.

Comrades, when we speak of priority tasks and urgent matters, we proceed from the fact that the first thing will be to eliminate the obvious and widespread shortcomings, and that there will be greater order in trade, services, health care and the communal economy, i.e., in the economic units which are directly related to the daily life of the people.

Naturally, such problems must be the focal point of attention on the governmental level. However, we must become more demanding concerning the situation on the level of republic, kray, oblast, okrug, city and rayon authorities. Unfortunately, today we come across situations in which discussions on the usefulness of restructuring are numerous but few practical steps are being taken to meet even the simplest needs of the people. A feeling of dependency has sunk deep roots in many local workers. Even where a little effort, a minimum of attention, may be needed to solve a problem, they keep looking to the center and expecting help from above. Such a standpoint is totally unsuitable. It must be firmly condemned and eliminated. That is where the eyes of and demand and supervision by the party are necessary! Yet they are obviously lacking.

Among the primary tasks discussed at this plenum, I would like particularly to single out those of ensuring our people with food, housing, consumer goods and services.

We must say that in those areas we have acquired specific experience and results.

Let us consider the food problem. In this area the situation is improving and the figures are well-known. Let me mention but a few which characterize changes which have taken place in the past 2 years. Compared with 1984 grain production increased by 37 million tons; meat (in slaughtered weight), by 1 million tons; milk by 4.3 million tons; and eggs by 4.2 billion.

We can speak of a revival of economic life in the countryside. It became possible thanks to changes in economic conditions and economic management methods, the use of full cost accounting and above all of collective and family contracting.

The Politburo believes that at the present stage all the necessary objective circumstances have been created for a kind of leap, I would say, in increasing agricultural production. Possibilities for radical changes exist in all kolkhozes and sovkhazes.

What should be a target of special attention in this case? Above all, we must master intensive technologies in agricultural and animal husbandry output. We must apply more extensively the system of collective and family contracting and solve the social problems of the countryside more actively. This, comrades, is one side of the coin.

The other is decisively to block those who continue to interfere in the work of kolkhozes and sovkhazes without assuming material responsibility for their actions. It is precisely as a result of such improper interference in the activities of the farms that managers of kolkhozes and sovkhazes asked for protection at the recently held CPSU Central Committee Conference. Our obligation is to help the rural workers to call to order those who are unable to abandon their former working methods.

Thanks to changes in the planning procedure for procurements in the union-republic fund, today the interest of republics, kray, oblasts, and rayons in

increasing agricultural output has been enhanced immeasurably. At the same time, however, the responsibility for ensuring the availability of food has increased. We must point out that this provided a powerful impetus for local initiative. Those who understood the meaning of the changes and properly assessed the opportunities which this offered rapidly and truly, have already achieved substantial results. For example, based on the results of the first half of the year, Krasnoyarsk Kray successfully dealt with deliveries of animal husbandry output to the union-republic fund. In addition to such deliveries, it procured for local consumption 15,000 tons of meat. This is more than 35 percent over and above the basic market stock. Furthermore, it also procured in excess of 100,000 tons of milk and 65 million eggs.

Or else take the Tatar ASSR. Here 15,000 tons of meat and 59,000 tons of milk were added to the basic stocks for local consumption. A similar situation prevails in the Ivano-Frankovsk, Poltava, Cherkassy and Chernovtsy Oblasts in the Ukraine. In those four oblasts additional meat procurements totaled some 20,000 tons. The Belorussian oblasts produced, for purposes of improving local food supplies, an additional 25,000 tons of meat and 26,000 tons of milk. The same could be said of the Baltic Republics and the Kurgan, Orenburg, Saratov, Ulyanovsk and many other oblasts in the RSFSR.

The aspiration of oblast, kray and republic organizations to outstrip the 5-year plan assignments in increasing the production of agricultural commodities in the public sector and, on this basis, to ensure the strict implementation of procurements for state stocks and drastically to improve supplies to the local population must be comprehensively supported. This is the main trend to be followed. Kolkhozes and sovkhozes must increase returns on investments which have been made in the development of the countryside in recent years.

However, all reserves must be utilized. Let us go back to the question of the role of the private auxiliary plot. Different interpretations have been given to it in the various areas and different attitudes have been adopted to the utilization of the possibilities of the private auxiliary plot.

Here is an example. In Omsk Oblast meat production in the private plots increased from 27,000 to 60,000 tons in the past 10 years, or by a factor of 2.2. Here virtually every family living in rural areas is engaged in raising cattle, hogs and poultry. The population is given comprehensive aid in terms of young offspring, feed and necessary services. Last year the cooperatives purchased from the population 20,000 tons of meat. In the oblast's markets the price of fresh meat does not exceed 3.5 rubles per kilogram.

But here is an example of a different kind. Vladimir Oblast has a great industrial and agrarian potential. Nonetheless, last year per capita meat output in the oblast (in slaughtered weight) did not exceed 46 kgs, as a result of which 20 percent of the meat products sold here must be brought in from other parts of the country. The situation with the availability of dairy and meat products is no better in major agricultural oblasts such as Vinnitsa, Kirovograd, Nikolayev and Yaroslavl.

Local initiative can do a great deal not only in increasing the production of agricultural commodities but also in developing the food industry. Why, for

example, is it that in Uzbekistan, Kirghizia, Tajikistan and Turkmenia, which have extremely rich raw material resources, between 25 and 50 percent of confectionery goods must be brought in from other republics? No more than 30 percent of the needs of the Kazakh population can be satisfied with locally produced canned fruits and vegetables. The balance must be imported. How can this be?

Comrades: In the next 2 to 3 years we must meet the needs of the population for garden lots. It is time to stop referring to the scarcity of land. This is not accurate, for land is available. And even where there is real scarcity of land, some kolkhoz, sovkhoz and enterprise land should be distributed. Let us agree once and for all that we must fully meet all requests of the working people and lift unjustified restrictions and obstructions in this matter.

I believe that we must also find a faster solution in the use of houses and garden plots which have been left abandoned for many years in a number of rural parts of the country, particularly in the Nonchernozem Zone. Today there are almost 800,000 such houses, surrounded by neglected land.

The people do not understand such an attitude toward land and buildings. In their appeals to the Central Committee and the other organizations they request permission to take over such housing and to use the land. I believe that it would be proper for the kolkhozes and sovkhozes to lease to urban residents such abandoned houses with their gardens. In a number of cases this could be based on contracts, so that such land could be used for the production of farm goods.

The situation relative to the transportation, storage and processing of agricultural raw materials is an example of inefficiency in solving the food problem. The 27th Party Congress emphasized that the elimination of losses in this area would increase consumption resources by 20-30 percent and result in significant savings. These are figures which even a 4th-grade student can understand.

In 1986, however, the USSR Gosagroprom, Minrybkhov and Minkhleboproduktov left unused 450 million rubles appropriated for the development of processing sectors.

Comrades, consider the following fact: the construction plans for these sectors were not fulfilled by the majority of union and autonomous republics, krays and oblasts. This is a clear indication of our attitude toward the solution of such a vitally important problem. The result is that the output for which we are struggling will continue to be wasted for lack of storage areas and capacities in processing enterprises, as a result of which losses are compensated with imports. Such matters must be considered dispassionately. Together with the local authorities, the USSR Gosagroprom (Comrade V.S. Murakhovskiy) should establish the reason for this and, wherever necessary, introduce basic order and, above all, chart a firm course toward the fastest possible basic solution of the storage and processing problems.

I must point out that all of this leads to very serious considerations. In recent years an attitude of dependency in solving production problems has

strongly developed in our country. The managers of many areas adopted an irresponsible attitude toward this problem. If they lacked fodder they sent telegrams to the Central Committee and the government; if agricultural commodities were scarce, once again they cabled the center.

Naturally, by no means do I wish to depict everything in the same color and to simplify the problem. A number of difficulties are related to the overall situation in the country. Nonetheless, the spirit of dependency in solving such problems has dominated many of our cadres.

In general, comrades, the Politburo believes that real possibilities exist for seriously changing the food supply situation in the next 2 to 3 years.

Reality has given us striking examples of the tremendous opportunities which exist everywhere. Numerous facts prove the possibility of a breakthrough both in terms of labor productivity and the growth rates of agricultural output. This was confirmed by the intensive labor collectives, which were set up relatively recently, and which were assigned land and other means of production on a long-term basis. Last year, they averaged 700-800 tons of grain per person or a total output of 70,000 to 100,000 rubles or more.

Unfortunately, the number of such collectives remains small. The family contract as well is being promoted insufficiently, although the effectiveness of such forms of organization and wages is quite high.

Naturally, the fast increase in output requires also good equipment, chemicals and strains resistant to adverse conditions. Above all, however, what this needs is responsible people who are infinitely interested in the results of their work.

For a long time we have tried to direct the economy on the basis of enthusiasm and, sometimes, orders. However, we forgot Lenin's instructions to the effect that the growth of output can be ensured on the basis of individual interest and material incentive, assisted by enthusiasm.

Characteristically, the first members of intensive labor collectives, the brothers Kozhukhov, from the Bolshevik Kolkhoz, Ordynskiy Rayon, Novosibirsk Oblast, say that what inspired them to join such a collective was not only high wages but something of equal importance, independence, an awareness of their importance as people, and pride of doing something greatly needed.

If we add to the highly efficient equipment and other resources which our country has today at its disposal a mass movement for highly organized, interested and intensive labor, things will improve. Reality proves that people capable of such change may be found in all rayons and oblasts.

Here are examples. A.A. Volochenskiy, mechanizer at the Artemovskiy Sovkhoz, Pytalovskiy Rayon, Pskov Oblast, CPSU member, petitioned the sovkhaz office to be given some land and steers to raise. On a contractual basis he was assigned 40 hectares of land, 10 of which for cultivation and 20 for hay growing. A.A. Volochenskiy rebuilt a combine and two tractors which had been written off and repaired an abandoned shed in which he placed 20 steers. His

son and daughter, who are students, help him in their free time and so does his wife, who is the sovkhos bookkeeper. As a whole, they plan to produce more than 11 tons of meat during the year. Their earnings will exceed 31,000 rubles. Payments for the offspring supplied by the sovkhos, fertilizers, seeds, fuel and other resources, based on intrafarm prices, will total 23,000 rubles; net earnings will be 8,000 rubles.

We believe, comrades, that such an approach could lead to progress in the Nonchernozem countryside, for this area includes a great deal of neglected farmland!

When ways of collectivization were being discussed, it was said that large collective farms offer greater opportunities for the use of equipment, fertilizers and the achievements of science but conceal the threat of alienating the peasant from the land. On the other hand, small farms tie the worker to the land but do not offer opportunities for making maximal use of the achievements of science and technology.

Large kolkhozes and sovkhos were created and are functioning in our country, with their strong material and technical base and experienced specialists. Under such circumstances it is important to make skillful use of the collective and family contracting system and relate more closely the interests of the individual working people to those of the collective and to concern for the land and the other means of production.

Does this conflict with the principles of socialism and could such a work method corrupt the working person? Or is it better to apply the system according to which careless work was compensated with budget funds and corrupted the farmer?

The new approach to the work is providing convincing examples of efficient work. In that same Pytalovskiy Rayon, recently the party organization was taken over by Comrade N.N. Vorobyev, a young first secretary. With the help of scientists the rayon's party members formulated steps to enhance the farm economy. After the war the rayon had a population of 46,000. Today 17,000 remain. There was no one to do the work. They considered the situation and decided extensively to apply the collective contracting method. Starting with this year, eight livestock farms in the rayon's kolkhozes and sovkhos have been operating on the basis of family contracting. In 5 months, with the same amount of fodder, they have been able to double the weight of the cattle, reaching 800 to 1,000 grams per day. Nearly 40 percent of crop growing in the rayon is based on small-group forms of labor organization. The spring sowing was completed in 6 instead of the usual 15 to 18 days. The rayon organizations and farm managers have abandoned the practice of issuing orders or scolding people or else rigidly controlling the course of the work. Today such management methods are simply unnecessary.

Here is another example. Together with her husband, Lidiya Dmitriyevna Bryzga, CPSU Central Committee candidate member, moved from the frontranking Kolkhoz imeni Zhdanov to a lagging livestock farm at the Pamyat Ilichia Kolkhoz, Brestskiy Rayon, Brest Oblast, and for 2 years headed a contracting six-member link. The link was assigned 100 dairy cows and 50 hectares of

pastureland. Lidiya Dmitriyevna alone does the milking and the fodder is procured and the cattle grazed by her husband and daughter. In 2 years milk production per cow increased from 2,917 to 5,580 kgs.

Examples such as these exist everywhere. In 1983 a link for fattening young cattle was set up at the Kolkhoz imeni Panfilov, Uspenskiy Rayon, Pavlodar Oblast. A contract was signed between the link and the kolkhoz board. The link has three members: link leader A.Ya. Rudko, a machine-tractor driver first-class, his daughter and his son-in-law. Their 1986 indicators were the following: 563 steers were fattened, their average daily weight increase exceeded 1 kg, and output per link member was 167,000 rubles. Cost per quintal of weight increase was 95.5 rubles, compared with 155 rubles for the kolkhoz and 230 rubles for the rayon. The average monthly earnings per link member was 534 rubles. May they enjoy it, for such earnings are the result of labor, of real output.

The question I ask is the following: Did this undermine the kolkhoz system? It did not! This is typical socialism, live, creative and active. The reason is that the people are extensively becoming involved in the building of socialism. Through collective labor methods the ties between the working person and the kolkhoz and sovkhos are becoming even stronger and the people earn their well-being with honest work!

In the mechanized potato-growing link in Zagalskiy Sovkhos, Lyubanskiy Rayon, Minsk Oblast, four members, headed by link leader I.G. Sinitskiy, bearer of the Labor Glory Order, all three classes, is cultivating an area of 60 hectares. The link has been working on a contractual basis for the past 2 years. Its 1986 yields averaged 383 quintals per hectare. The link achieved the lowest possible production cost of potatoes--1.5 rubles per quintal (compared with 9 rubles for the republic) and the lowest labor outlays--0.54 man/hours per quintal (the republic average is 2 man/hours).

The family contracting method in growing vegetables is being developed also in Ternopol Oblast. This year, private plots in three sovkhoses in Zaleshchitskiy Rayon--imeni Bogdan Khmel'nitskiy, Zolotoy Kolos and Kommunist--will produce 15,000 tons of tomatoes, including 5,000 tons of early strains, as compared to 1,500 tons produced by these farms last year.

The same is being done in the rayon center. The kolkhozes have assigned to a number of families plants, covers, fertilizers, plant protection chemicals, irrigation pumps and containers. Fifteen to 20 hundredths planted in early tomatoes yield 7-8 kgs of high-quality produce per square meter.

In Kremenetskiy Rayon, 600 families, working on a contractual basis, are cultivating strawberries in their garden plots. This year contracts for the purchasing of 800 tons of strawberries have been signed. All in all, as the oblast reports, this year contracts for growing vegetables and industrial crops and raising livestock have been signed by some 25,000 families.

Comrades, many similar examples could be cited. All of them indicate that possibilities exist for a fast increase in agricultural production if we apply

all reserves in this area, involve all working people and all families, and unfetter the initiative of the people.

And what is the situation today? The rural resident, who has to wait for the purchase of even petty items in a store, has become virtually as much a customer for food products as the urban resident; 54 percent of rural families do not have a cow and 33 percent have no livestock of any kind.

Numerous facts have indicated something even more important: by freeing the initiative of the individual and abandoning excessive organization and centralization, without increasing resources, we can ensure a breakthrough in increasing the amount of food resources.

In general, agriculture has acquired a tremendous potential which must be actively used by combining the possibilities of large public farms with those of collective and family contracting.

Another urgent and crucial task is the solution of the housing problem. As I already mentioned, on the central level possibilities have been found of increasing the pace of housing construction in the country. With the help of additional capital investments, during the 12th 5-year period the volume of housing construction will be increased by 60 million square meters compared with the 11th. All in all, during the 5-year period more than 15 million families will be provided with apartments.

But this is not all. Enterprises, kolkhozes, sovkhoses, cities, okrugs, rayons, oblasts, krays and republics have no fewer or may even have greater possibilities. Many local authorities, something that I can point out with satisfaction, have efficiently undertaken to solve the problem formulated at the congress: by the year 2000 providing virtually all families with their own apartment or individual house. Many are those who are seeking possibilities of solving this problem within a shorter time. This is right and should be given comprehensive support.

However, comrades, it must be frankly noted that so far no radical change has taken place in housing construction. This is largely due not only to lack of funds but also to the attitude of many party, soviet and economic authorities and leading cadres. General discussions are not always followed by initiative-minded and persistent efforts and the search of possibilities for solving this vital problem.

We frequently hear that there is a shortage of capacities for meeting the growing volume of housing construction. This explanation can satisfy no one: first, if there is a shortage of capacities, such capacities must be created; second, today 20 percent of the capacities of house-building enterprises in the country remain unused. These are average data for the country. In Azerbaijan, Armenia, Kazakhstan, Turkmenia and Uzbekistan, such enterprises work at no more than 65-70 percent of capacity, while in Krasnodar and Khabarovsk Krays, Ivanovo, Penza, Rostov, Smolensk, Tashkent and Tselinograd Oblasts and in Buryatia and Kabardino-Balkaria, at 50-65 percent.

Furthermore, can we understand and justify a situation in which whereas the country is short of housing and construction materials most enterprises in the construction industry average 1.5 shifts daily with 2 days off per week. This equals a loss of up to 50 percent in calendar time. Could they not be reorganized on the basis of a continuous work cycle? This method is used in the metallurgical, chemical, power and food industries. The machine builders are also converting to a multiple-shift system.

However, we are not only making poor use of the capacity of house-building combines. The brick manufacturing plants in the country also operate at 80 percent of capacity, although there is a ubiquitous shortage of bricks. Such capacities are poorly used in the Russian Federation, the Ukraine and Kazakhstan. In Altay and Krasnoyarsk Krays, such plants operate at no more than 57-69 percent of capacity.

If we are truly concerned with the housing problem, how can we tolerate the fact that many ministries and departments have used no more than 70-80 percent of the capital investments appropriated for increasing capacities for the production of large-panel homes?

I believe that at this plenum we would be justified in calling on the central committees of communist parties and councils of ministers of union republics, ministries and departments, particularly the Ministries of Construction Materials Industry (Comrade S.F. Voyenushkin) and Timber, Pulp and Paper, and Wood Processing Industry (Comrade M.I. Busygin) decisively to change their attitude toward housing construction.

Comrades, let us give this some consideration and consult with the working people. Having undertaken the solution of this vitally important problem, we should involve, as the saying goes, the entire world.

I would even say the following: the working people will not understand us if, as we develop restructuring, we fail to find real possibilities of accelerating the solution of the housing problem. Housing construction is a national task and it is precisely on this basis that it must be approached.

Now, comrades, as to consumer goods and services and the situation on the consumer market. A state target program was drafted, considering the importance of this problem. But, as they say, this in itself does not mean a solution to the problem. Its solution must be achieved in fact. Unfortunately, we should note that the attitude toward this very important social problem is by no means the same everywhere. In some cases the prerequisites which were provided were properly used, an active search is under way and the production of goods and services is increasing. The experience of Belorussia, Lithuania and Estonia and Leningrad, Ulyanovsk and other oblasts is familiar.

However, in many other areas the old simplistic systems continue to function, based essentially not on local efforts but on help from the center and on shipments from other areas. Naturally, I do not wish to imply that each oblast or republic in our country must develop its own economy. But when we no longer think of the use of local resources and rely only on outside

shipments the result is nothing other than the same old dependence. This phenomenon has become quite widespread.

I do not believe that at this plenum we must get into all the details of the problem. However, a study of the type of commodities of daily use which are brought in by some republics, krais and oblasts from other parts of the country, makes one wonder about the extent to which our workers have lost their feeling of responsibility for meeting the needs of the people. Most basic items are being brought in from distant areas, including some which could be most easily produced locally. Such items include some for which no funded resources, new equipment, special production capacities or trained cadres are needed. Comrades, we must take this vicious practice to the court of public opinion. The press, radio and television must systematically describe the way such problems are being solved by the local economic and soviet authorities. Let everyone also know the names of those who are truly concerned about the people and those who are indifferent and lack initiative. The working people must know everything and keep this important work under control.

At the Central Committee Plenum we must also point out that by no means have all ministries addressed themselves to meeting the need for consumer goods: last year 18 sectors did not meet their assignment for the production of cultural and industrial goods, particularly the ministries headed by Comrades E.K. Pervyshin, P.S. Pleshakov, V.M. Velichko and A.A. Yezhevskiy.

Some ministries have adopted a formalistic attitude toward the production of consumer goods, considering it a secondary matter and some of them look at it merely as a chore. The comrades must realize that they are greatly mistaken and that the faster they put an end to this mistake the better it will be both for the project and for themselves.

So far we have been saying that we need more goods of better quality and variety. However, there is more to it.

Consider the number of facts proving that the population is poorly supplied even with goods which are not in short supply. Adding to this the fact that proper order is lacking in many trade establishments and enterprises, that service standards are low, that there are long lines and a shortage of stores themselves, and that the work system in trade and servicing is not always consistent with the working and living practices of the population in town and country, the frequent complaints about their work become understandable. Such problems must be solved by the local authorities in the shortest possible time.

Possibilities of adding to commodity resources with the help of the production and procurement activities of consumer cooperatives are poorly used. A great deal of complaints exist in this area. For the time being, this system is being slowly turned around and a great deal of what could be manufactured by the population and taken to the consumer through the cooperative organizations is simply wasted. We have helped Tsentrosoyuz. Its efforts must be supported by the local soviet authorities as well.

Comrades, we must not tolerate any lagging in communal consumer services, and an unsatisfactory condition in passenger transportation, communications, tourism, physical culture and sports. Could it be considered normal if in town and country repairs of housing and household equipment, shoes and clothing are a most difficult problem?

It is no accident that a kind of "gray economy" has developed in this area. Consider the following figure: according to the Central Statistical Administration, the population pays private individuals some 1.5 billion rubles annually for services.

We have repeatedly drawn attention to the need to meet the full demand of the population for lumber and construction materials. Decisions were made on this account, which are being poorly implemented by the central and local authorities.

I believe that the vitally important problems for Soviet society, now discussed at this plenum, will become a lesson and an incentive for all workers in the center and the local areas.

The economic authorities must always be concerned with solving problems of food, housing and goods for the population. This fully applies to health care and to what we describe as ecology. In the past 2 years the situation in those areas have drawn the close attention of the Politburo and the government. We must point out that many negative phenomena have accumulated in medical services and in protecting the human habitat. We are taking steps to improve this situation. This is a matter of prime importance and demands general attention and a tremendous amount of practical work.

Democratization--A Decisive Prerequisite for Restructuring

Comrades: After the April Central Committee Plenum, the party was able to develop a new type of moral and political atmosphere in the society. It is an atmosphere of creativity, quest and realistic assessment of reality and uncompromising struggle against anything which hinders life. That is why the first conclusion stemming from the experience of the last 2 years is that we must not only preserve and support but also comprehensively intensify and develop the atmosphere of openness and candor, which allows every person to manifest his civic stance, actively participate in discussing and solving vitally important social problems and accelerate processes in that area.

Experience proves that success comes where party, soviet and economic authorities make full use of the growing political and social activeness of the working people. Let me frankly say that we shall not implement that tasks of restructuring unless we firmly and consistently follow the line of democratization. Let us recall V.I. Lenin's words: "...The deeper the change we want to make the more we must enhance the interest in it and the conscious attitude toward it and convince of the need for it ever new millions and tens of millions of people" ("Poln. Sobr. Soch." [Complete Collected Works], vol 42, p 140). It is thus that we must act in a Leninist fashion today as well, in the stage of restructuring.

Nonetheless, we must also mention the following: press materials, the study of the local situation and information we have received confirm that openness and democracy are developing in a complicated manner, and sometimes even painfully. Some comrades have shown lack of understanding and fear of democratic change. This problem is so important that, I believe, it will be discussed by the plenum, which will adopt a clear and firm stance in this matter.

New realities appear with the implementation of restructuring and the intensification of democratization of all aspects of life in our society, realities which we cannot, we simply have no right to ignore. Our people are no longer willing to tolerate the fact that problems which affect their interests are being solved without their participation. In some cases this creates grave situations. What do they prove? The fact that some local party, soviet and economic authorities and some of our leading cadres, both in the center and locally, have still not learned how to work under conditions of broadening democracy. Such learning must not be postponed for the future but acquired now, persistently. The party committees and organizations and the state authorities must always keep their fingers on the pulse beat of public opinion and check with it their decisions and actions. Our people favor political and practical democratization.

The mastery of new approaches in political work and in organization and ideological activities is not easy. Some people find openness difficult. Others do not like criticism and press reports; others again have become accustomed to believing that their opinion alone is "infallible." Today we are encountering such phenomena frequently. Let us consider their roots. Those who are displeased by democratization are the ones who fear open social control. They are well aware of the fact that one could talk one's way out in dealing with superiors but must be fully accountable to the people. Democracy puts everyone in his place, making clear who is who and who can do what.

Let us also mention some troubling aspects. In any major project we cannot ensure ourselves against costs. Such costs have existed, exist and will exist. Today as well we have come across situations in which some people would not be reluctant to use the atmosphere of candor and openness but by no means in the interest of restructuring or of developing socialism and the working people, but for the sake of pursuing their self-seeking objectives.

We must struggle against such phenomena frankly and openly. To live and work under conditions of expanded democracy means not to be afraid of debates, and of clashes of views and opinions. All of this is natural and necessary in seeking the truth, in solving problems which arise and accelerating our progress.

However, by saying that democracy presumes live, broad and responsible debates and a comparison among different viewpoints, we mean that we cannot consider democratic attempts to replace one half-truth with another under the guise of the struggle. It is not democratic when under the guise of the struggle against the ambitions of one group and its claim to have "the final word" of the truth to impose the ambitions of another and its prejudices and likings and subjectivistic viewpoints. We come across such cases in mass information

media, the arts, literature and scientific circles. Nor have party and social organizations avoided this phenomenon.

As a whole, let me say that the process of openness, criticism and self-criticism is developing in our country on a healthy basis. It is playing a tremendous role in uniting on the basis of the principles of restructuring all social forces in making progressive changes in the interest of the people and socialism.

Comrades: In considering the ways leading to the further democratization of society, let me mention the question of control. At a recent CPSU Central Committee conference it was said that control is, unquestionably, necessary but not the type of control which we practice today. The cases of abuses and crimes in the economic area detected in recent years proved that the existing control system is inefficient. It is excessively detailed, wasting working time and diverting large numbers of people and funds. Most of all, it is locked within departmental and parochial interests and is greatly influenced by the organizations and officials it is supposed to control.

I believe that the CPSU Central Committee Secretariat and the government must study the question of the inflated control apparatus and take decisive steps to reduce it, to streamline activities and to subordinate control to the national interest and to strengthening the law.

We must fully master the Leninist principle of socialist control, which combines the broadest possible democracy with party leadership. We consider people's control an efficient means of identifying new questions and one of the most important ways of involving the masses in the process of self-government in terms of social and governmental affairs.

Under contemporary conditions we should consider, on the basis of the People's Control Committee, the establishment of a unified integral control system which would be granted extensive rights throughout the country. It would base its work on maximal openness in the work and perform its important functions on a comprehensive basis, from national positions and within a broad sociopolitical context.

Comrades: Restructuring in our society is creating tremendous interest throughout the world. We feel the understanding of our problems and sympathy expressed not only among the working people in the socialist countries but also among the broad circles of public opinion. The course of restructuring is being considered most seriously by a great variety of political forces. This course has substantially enhanced the importance, influence and reputation of our country and is convincingly proving the sincerity and peacefulness of our intentions in the international arena.

Naturally, in the West, in the United States in particular, quite influential groups exist who do not find precisely this to be to their advantage. "Openness is a challenge to American public diplomacy, threatening the spirit of the free world and its present life and future security!" Such is the way some members of the ruling forces in America think. They realize that it is difficult to find convincing arguments against the course of restructuring

adopted by our party. That is why they are relying mainly on using the process of democratization and openness in suggesting to us false objectives and harmful values and instilling in our people doubts about the accuracy and sincerity of the party's policy and the line of restructuring and improvements in the country. To us this is old hat. It was to be expected and we anticipated it. The Soviet people are well familiar with the worth of such "interest" shown in our affairs.

We are conducting our restructuring, developing democracy and strengthening the values of socialism not for the sake of pleasing someone or other but for our society to reach new heights in socioeconomic and spiritual progress through restructuring and democracy. We shall not deviate from the path of restructuring!

Comrades, what conclusion can be drawn from the analysis of the current stage of restructuring?

Above all, we must proceed from the real ideological-political and ideological situation which developed after the April Central Committee Plenum. It is complex and conflicting but, as a whole, unquestionably favorable in terms of the overall matter of the renovation of socialism and restructuring. Life in our society is characterized by a growing civic activeness on the part of all population strata, initiative-mindedness in the formulation of new questions and elimination of inertia. It is characterized by increased daring and resolve and the aspiration of the people to assume responsibility for social affairs and for the further development of democratic principles in the country's life. It is accompanied by a stronger faith in the inviolability of the lofty principles of socialism and the reality of their implementation not in some distant future but today, tomorrow.

Naturally, the new processes in the ideological and political sphere are not developing smoothly and yielding simple results. A great deal of negative features have accumulated in the social consciousness, consistent with phenomena in life itself and, above all, based on the gap between words and actions. There is also a certain confusion and lack of understanding and fear of change, as well as efforts to oppose the new. To ignore this would be unreasonable. However, it would be even more unreasonable and even erroneous to absolutize difficulties and shortcomings in our ideological and political development, for this would question restructuring itself and the new and beneficial political and ideological phenomena in the life of socialist society it has brought to life.

We have no reason to fear new problems, discoveries and approaches to the ideological-political process. We have sufficient intelligence, strength and skill to apply the Leninist work style to the conditions of restructuring, without becoming enraptured by each one of its successes but also without falling into a state of depression, not to mention panic, whenever negative phenomena become apparent. We must learn the complex and dialectically contradictory art of restructuring.

Comrades! I believe that we must agree on the following at this plenum: in a couple of months the accountability and election campaign will begin in the

primary party units. The topics of the course of restructuring, the activities of party organizations and the participation of all party members in this great nation-wide project--workers, peasants, intellectuals and leading cadres--will be raised quite legitimately. The forthcoming accountability and election conferences in the party must provide an evaluation of what has been accomplished and decide what must be done to intensify and accelerate restructuring.

It is very important for leadership in the party organizations at the present stage--the stage of development of broad practical matters--to be directed by the most energetic supporters of social change, by principle-minded people who realize the needs of our time, true "worker organizers" of restructuring, who will spare no efforts to ensure its success.

Obviously, it would be also proper by the end of this year to hold plenums by central committees of communist parties of union republics, kraykoms, obkoms, okrushkoms and gorkoms and raykoms, at which reports submitted by the buros of the respective committees on their work in managing restructuring will be submitted. The primary party organizations should also hear reports on the same matter submitted by party buros and committees which, according to the statutes, will not be part of this year's elections.

The Politburo considers the current accountability and election meetings in the CPSU a most important stage in further enhancing all party activities leading to the all-union party conference. The present plenum will decide the date at which the conference will be held. As we know, all-party conferences have been held by our party between congresses. This was a regular practice until 1941. At crucial stages in history, many conferences have solved problems which went way beyond tactics. In a number of cases problems of strategic nature were formulated at them and changes were made in statutes and in the structure of the central party authorities.

The suggestion of convening an all-party conference next year, on the eve of the accountability and election campaign in the party organizations, was seconded at the January Plenum.

The motion introduced by the Politburo is to convene the 19th All-Union Conference of the Communist Party of the Soviet Union on 28 June 1988.

Based on the essential suggestions expressed at the January Plenum and in the course of the preparations for the present plenum, we could suggest the following agenda for the conference:

1. The course of implementation of the resolutions of the 27th CPSU Congress, the main result of the first half of the 12th 5-year period and the tasks of the party organizations in the intensification of the restructuring process.
2. Steps aimed at the further democratization of life in the party and society.

We believe that such an agenda would enable us to sum up the political experience which has been acquired by the party after the 27th Congress, to

evaluate our progress in the main areas of economic and social development and to analyze the course of implementation of the radical reform in economic management and the participation of party and other public organizations and state and economic authorities in restructuring.

The study of the implementation of the congress' resolutions and the summing up of political results of the work on the fulfillment of the 5-year plan and a principle-minded assessment of successes and shortcomings would enable us subsequently, at the accountability and election party meetings and conferences, exigently to consider the activities and tasks of each party organization. This will contribute to the process of democratization of intraparty life and to upgrading the activeness and responsibility of the party members and the intensification of the entire restructuring.

II. Radical Reform of Economic Management--The Most Important Link of Restructuring

The Need for And Essence of the Reform

Comrades: Today, as we discuss the question of a radical restructuring of economic management, over and over again we must truly realize the condition in which our national economy approached the 1980s. At that time the pace of economic growth had dropped to a standard which was actually equivalent to economic stagnation. We had clearly begun to surrender one position after another, and the gap between us and the most developed countries in the areas of upgrading production efficiency and quality of output and scientific and technical development was not in our favor.

The development of the economy was taking an unhealthy turn. Major changes had to be made in structural policy and in channeling capital investments, in order to make the development of sectors which are the base of scientific and technical progress, resource conservation and labor economy more dynamic. However, this was not done. Furthermore, machine building was neglected, its production machinery became obsolete and its output was increasingly less consistent with global standards.

The aspiration to prevent the drop in growth rates through extensive methods led to excessive outlays for developing the fuel-energy sectors, to the accelerated inclusion of new natural resources in the production process and their inefficient use, to an excessive increase in the need for additional manpower, to severe labor shortages in the national economy and to a decline in returns on capital.

Financial stress in the national economy worsened against the background of economic difficulties and reduced growth rates of the national income. Let us consider the state budget. On the surface everything seemed proper. Expenditures were covered by revenue, but how was this achieved? Not by increasing the efficiency of the national economy but by other means which were justified neither economically nor socially. In particular, we undertook the extensive sale of petroleum and other fuel-energy and raw material resources on the world markets.

There was the unjustified practice of appropriating for budget purposes the funds of enterprises and organizations, which undermined conditions for their normal economic activities.

Furthermore, naturally nothing could justify the increased production and marketing of alcoholic beverages. In the 11th 5-year period income from turnover tax on the sale of alcoholic beverages reached 169 billion rubles, compared with 67 billion during the 8th 5-year period. In short, the country approached the 12th 5-Year Plan carrying a heavy financial burden. Let us add to this that although the planned assignments for the last three 5-year periods were not fulfilled for the growth of output and its efficiency, expenditures on wages were systematically higher than planned. Therefore, a certain percentage of the money was paid out with no relation whatsoever to end work results.

Under those circumstances, not only did scarcity not decline in the national economy but, conversely, the situation in this respect worsened. Essentially, we were and are short of everything--metal, fuel, cement, machines and consumer goods. Adding to this the chronic scarcity of manpower, it becomes clear that under such circumstances the economy cannot develop normally. Economic incentives for upgrading quality and efficiency are no longer functional and grounds are created for price increases and many other negative processes.

The most worrisome feature, however, is that we began to fall behind in scientific and technical development. While the Western countries undertook a broad structural reorganization of their economies, emphasizing resource conservation, the use of the latest technology and other scientific and technical achievements, scientific and technical progress in our country was slowed down. This was not due to lack of a scientific base but mainly because the national economy was not receptive to new developments. Even the foreign exchange which we earned from exporting petroleum and other raw material resources was used mainly in solving current problems rather than modernizing the economy. As was already pointed out at the January Plenum, this situation in the economy had an extremely adverse effect on the living standard of the population and the development of the social sphere. Such, comrades, were the realities.

The Politburo deems it necessary to mention all of these facts most openly, once again. Not the least reason for this is that occasionally voices are heard asking whether the situation is really all that bad, do we have to make such negative assessments, and do we need a radical restructuring? Could it be that all we have to do is simply apply a little bit more pressure from the top and take some partial steps? I believe that should such moods take the upper hand and should the present policy be based on them, this would be fraught with exceptionally severe consequences to the country and the people.

Taking our economy out of the pre-crisis condition in which it found itself determines the need for profound and truly revolutionary changes. To this effect we formulated a new economic strategy and undertook its implementation. We made changes in structural and investment policy, formulated large-scale target programs and determined the basic trends of scientific and technical

progress. In the past 2 years the initial steps were taken in mastering new economic management methods which were based on the study of the situation which prevailed at the turn of the 1980s, and the series of large-scale economic experiments.

I would say, however, that the changes which have been achieved here are not radical or basic. The obstruction mechanism has still not been eliminated and replaced by the mechanism of acceleration. As in the past, we must compensate for its lack with noneconomic methods and administrative pressure.

Today, our prime and urgent task is to develop an integral, efficient and flexible economic management system.

You realize that this is no simple task. The existing management system took more than 1 year to develop. It consists of several layers which reflect the conditions and features of the different periods in the history of our country with all their accomplishments, contradictions and difficulties.

The foundations of the present management system were laid as early as the 1930s. During that difficult time our country, which was by no means the most developed economically and was alone facing the capitalist world, found itself faced with the needs rapidly to surmount technical and economic lagging and make sharp structural changes in the national economy.

These changes were made in an unprecedentedly short time. During the prewar 5-year periods the volume of industrial output increased by a factor of 6.5 and the Soviet Union advanced from fourth to first place in Europe and from fifth to second in the world in terms of industrial output. The share of sectors producing means of production increased from 39.5 to 61 percent. In 12 pre-war years the number of workers and employees in industry tripled.

In order to solve these problems a sharp increase in the share of accumulations in the national income was needed. At the beginning of the 2nd 5-Year Plan it had exceeded 30 percent, or double the level of the end of the 1920s and was several hundred percent higher than in prerevolutionary Russia. Some 60 percent of the national income was redistributed through the state budget. Such huge resources were channeled on a centralized basis mainly into the development of heavy industry.

It was precisely for such purposes that the management system based on rigid centralism and detailed control of the work, mandatory assignments and budget allocations was created. Under those special circumstances, this system ensured the quickest possible solution of strategic problems which developed capitalist countries had taken decades to resolve. The centralized nature of management strengthened even further during the war. It was essentially preserved during the postwar restoration period.

Naturally, such management could not be explained exclusively in terms of objective reasons. Erroneous approaches were allowed and subjectivistic decisions were made. This must be seen and taken into consideration as we analyze our current problems. However, in the course of time the management

system increasingly found itself in a state of contradiction with the conditions and needs of economic developments.

The rapid progress of the scientific and technical revolution, the drastically increased complexity of the national economy, the need to shift the center of gravity from extensive to intensive methods and from quantity to quality, the increased influence of social conditions and the drastic increase in the role of the human factor required radical changes in economic management.

With a sense of growing urgency the restructuring of the economic mechanism became part of the agenda. This question was discussed in scientific and social circles. Let me refer to the article by Academician V.S. Nemchinov, which appeared in the journal KOMMUNIST in 1964. Even then he wrote: "A primitive view of relations between major and minor economic systems can be the result only of an ossified mechanical system in which all administrative parameters are predetermined and the entire system operates on the basis of limits from top to bottom, at all times and everywhere.... Such an economic system with limits set from top to bottom will hinder social and technical progress and, under the pressure of the real process of economic life will be discarded sooner or later."

In recent decades frequent practical attempts were made to change the existing management system, such as in the 1950s, the second half of the 1960s and the end of the 1970s. However, these efforts were partial and inconsistent and, at best, yielded brief results and did not bring about a necessary change. Meanwhile, the stimulating effect of the old economic mechanism increasingly weakened and the obstructing effect worsened.

Now, at the transitional stage, when we have approached radical solutions, scientific substantiation and theoretical and ideological-political clarity in understanding the nature and main purpose of the initiated changes and trends in restructuring management become particularly important. How and where to advance? What can and must we abandon, what should be strengthened and improved and what new developments should be introduced?

It is important to emphasize in this connection that each stage in our history filled with the stressed work of our people has yielded major accomplishments. The experience acquired in economic building is tremendously valuable. This experience, with its accomplishments, interruptions and even errors, is a school, the lesson of which are important to us both for the present and the future.

Basically, the meaning and trend of the radical reform in management are clear. They are expressed with the formula of more socialism and more democracy.

This is also an answer to the question of does our restructuring mean abandoning the foundations of socialism or, in any case, weakening them somewhat? No, it does not. Conversely, that which we are already doing and what we are planning and suggesting should strengthen socialism and eliminate anything which stands in the way of its development and which hinders its progress; it would identify its tremendous potential in the interests of the

people and bring into action all the advantages of our social system and give it its most advanced form.

But what does strengthening socialism actually mean? The entire essence of our revolutionary doctrine and our entire tremendous experience has indicated that socialism cannot be conceived as some kind of frozen, unchanging society and that any practical step taken to improve it should be considered a means of making complex reality fit ideas, concepts and formulas formulated once and for all.

Ideas about socialism and its economy are steadily developing and expanding on the basis of historical experience and objective conditions. We must learn from V.I. Lenin a creative approach to the development of the theory and practice of building socialism. We must use scientific methodology and master the art of specific analysis of specific situations.

The main question in the theory and practice of socialism is how to develop on a socialist basis incentives for economic, scientific and technical and social progress which would be more powerful than under capitalism, and how most efficiently to combine planned management with the interests of the individual and the collective. This is a most complex question the answer to which socialist thinking and social practice have sought and are searching. At the present stage of socialism the importance of this question has increased immeasurably.

At this point a number of problems must be solved. We consider that the key to developing efficient incentives for upgrading production efficiency is ensuring to the working man the status of the true owner of his work place, collective and society. It is unquestionable, both theoretically and practically, that the interests of the working people as the owners of the production process are the greatest and most powerful motive force in the acceleration of socioeconomic and scientific and technical progress.

But what does it mean in fact to turn the working people into the real and active owner of public property? It means granting the collectives and individual workers extensive opportunities in managing public property and upgrading their responsibility for its efficient utilization. It means truly ensuring the participation of the broadest toiling masses in economic management on all levels, from brigade to national economy. It means that the income of the working people must be based on the way the person works at his work place, within his enterprise and, in the final account, on the way things are going throughout the country and, generally speaking, on end results.

The democratization of the economy is inseparably related to the active use of various forms of cooperation and individual labor activity in addition to state property. We have made decisions on this count. We must point out, however, that their practical implementation has triggered different reactions. Frequently it is a question not of how to make faster and better use of the new opportunities but of the legitimacy of such forms of economic activities at the present stage of socialism.

Some people consider cooperatives and individual labor activity almost a revival of private ownership. I believe, comrades, that both our own experience and that of the other socialist countries proves the usefulness of and need for the skillful utilization of such economic forms within the framework of socialism. They contribute to the fullest possible satisfaction of the vital needs of the people, the elimination of the "shady" economy and of all possible forms of abuse, i.e., to the real process of improving socioeconomic relations.

The correlation between centralized planned management of the national economy and the independence of its individual units and planning and commodity-monetary relations deserve serious reinterpretation. We proceed from their dialectical unity and complementary nature in the integral economic management system.

In the new economic mechanism this problem is resolved, in particular, with the help of economic standards. The conversion to standards enables us most fully to implement the objective prerequisites inherent in socialism for unifying the interests of society, with those of the collective and the individual working person.

Commodity-monetary relations are an organic part of the economic system, in accordance with the scientific concept of socialism. Their skillful utilization through prices and financial-credit levers and the planned control and management of the market in accordance with its laws and strengthening and increasing the prestige of the ruble contributes to the creation of an efficient anti-outlay mechanism and to the factual strengthening of socialism.

Naturally, the use of commodity-monetary relations in the management system, combined with the advantages of national economic planning is more difficult than simply issuing orders and directives. However, this is a problem which our economic cadres must solve.

One of the most important problems, from the viewpoint of enhancing the motive forces of socialism, is that of economic competition, of the competitive principle.

We proceed from the need to strengthen true competitiveness among enterprises and organizations, including those belonging to the state and the cooperatives, in better satisfying the needs of the population and the national economy. The winners of this competition should obtain tangible economic benefits. This is consistent with the principles of socialism and is understandable on the human level.

Perhaps we should especially mention the need for the extensive application of competitive principles in science and technology. The point is that in the past the view was frequently expressed that the existence of parallel scientific research, design and engineering organizations disperses the forces and leads to duplication and inefficient expenditures. Practical experience has proved to us, however, that the monopoly status held by individual organizations greatly hinders scientific and technical progress and is much more costly to society.

I do not mean at all that we must develop parallel structures in all areas. However, in order to solve a number of important scientific and technical problems, the creation of different scientific collectives, including some which are not permanent but temporary, is the accurate way. It was welcomed with interest by engineering-technical and scientific personnel and is already yielding some results.

In short, based on the needs for the development of Soviet society at the present stage, we must update our concepts on the economic forms of socialism in order to provide scope for a radical restructuring of the economic mechanism.

Comrades: You were given a draft of the "Basic Concepts of the Radical Restructuring of Economic Management," which was drawn up by the Politburo and the government.

The purpose of the concept of restructuring management, suggested in this document, is to redirect economic growth, with intermediary and final socially significant results, to the satisfaction of social needs, the comprehensive developments of the individual, the conversion of scientific and technical progress into the main factor of economic growth and the creation of a reliably operating anti-outlay mechanism.

In order to achieve all of this we must convert from primarily administrative to primarily economic management methods on all levels, to extensive democratization of management and comprehensive enhancement of the human factor. This conversion includes the following:

First, drastically broadening the independence of associations and enterprises, converting them to full cost accounting and self-financing, upgrading the responsibility for best end results, meeting obligations to consumers, establishing a direct correlation among the level of income of the collective and the efficiency of its work and the extensive development of collective contracting in labor relations;

Second, radical restructuring of centralized economic management, enhancing its quality standard, concentrating on the main processes which determine the strategy, quality, pace and proportions in the development of the national economy as a whole and its balancing and, at the same time, decisively preventing central authorities from interfering in the current activities of subordinate economic units;

Third, a radical reform in planning and price setting and in the financial-crediting mechanism, conversion to the wholesale trade in means of production, restructuring the management of scientific and technical progress, foreign economic relations, labor and social processes;

Fourth, creating new organizational structures which would ensure increased specialization and greater reliability of cooperation relations and the direct involvement of science in production and, on this basis, a breakthrough in the direction of global quality standards;

Fifth, conversion from the excessively centralized command system of management to a democratic system, development of self-government and creating a mechanism for enhancing the human potential and a clear demarcation between functions and radical changes in the style and methods of activity of party, soviet and economic authorities.

Starting Point in Management Restructuring

Comrades: We are beginning the radical change in the economic mechanism with the basic economic unit--the enterprise and association--bearing in mind, above all, the need to create for this unit the most favorable economic environment, to consolidate its rights and, at the same time, to increase its responsibility and, on this basis, to make radical changes in the activities of all superior economic management units. In formulating such a sequence of restructuring we were guided by the fact that it is precisely here that the main economic processes take place; it is here that through the efforts of the people all the goods and services needed by the people are created and that scientific and technical ideas are materialized. It is precisely within the labor collectives that economic and social relations actually develop and the interests of the people--individual, collective and social--become interwoven. Actually, the sociopolitical climate in our society is largely determined by the situation which develops in labor collectives.

What is the main shortcoming of the present mechanism of enterprise economic management? Above all, it is the weakness of internal self-development incentives. Actually, the enterprise obtains assignments and resources through the system of mandatory indicators. Virtually all outlays are covered. Essentially the marketing of goods is guaranteed. Above all, the income of the working people is poorly related to the end result of the work of the collective, such as fulfilling contracts, quality of output and profits. The general situation is the following: with the present mechanism the producer finds it unprofitable to use inexpensive raw materials and inexpensive products or to upgrade production quality; he finds it unprofitable to apply the achievements of scientific and technical progress.

Such an economic mechanism virtually eliminates the difference between well-working and systematically lagging enterprises. At a recent CPSU Central Committee conference Petr Vasilyevich Buderkin, general director of the Omskshina Association, justifiably raised all of these questions. Indeed, the Omsk Association is among the best in the sector. The vehicle tires it produces are noted for their high quality, and their service life is 50 percent longer than others. In the past 20 years there has been no single case of failure to deliver contracted procurements. What has all this yielded the labor collectives? Essentially, it enjoys no advantages whatsoever, neither in higher wages nor in answering its social requests.

How to explain this paradox: the tires produced by this Omsk association, which are the best in the country, cost as much as those produced by other plants?

Or else consider examples from the agroindustrial complex: for the production of the same type of output the poultry farms in the Northern Caucasus earn

almost 25 percent less than poultry farms in other parts of the country. Yet contemporary poultry production, based on industrial technology, particularly broiler production, takes place in buildings built on the basis of the same blueprints and the use of equipment produced at the single enterprise of this kind in the country; the seed comes from the single system of the Ministry of Grain Products.

All of these faults are blamed on our economic mechanism which, like it or not, is oriented toward average or even poor work. How can the economy advance if it creates protective conditions for lagging enterprises and penalizes the frontrankers?

Naturally, comrades, we can no longer proceed in this manner. The new economic mechanism should put everything in its proper place. It must become a powerful lever, a motivating force for good and initiative-minded work. That is precisely the objective which we are formulating. Naturally, in order to attain it we will need a certain amount of time. It is very important today to take a proper approach to the selection of the basic requirements of the new economic mechanism.

The main thing we must achieve with the new mechanism is to offer broad rights to enterprises and ensure their true economic autonomy on the basis of full cost accounting.

We must carry out that which has already been deemed necessary, i.e., based on real social needs, the enterprise will formulate its production and marketing plan. It must be based not on a number of detailed planned assignments mandatorily issued by superior authorities but on the direct orders placed by state organizations, cost accounting enterprises and commercial organizations for specific products in specified volumes and quality.

The enterprises must be operate under conditions in which economic competition for the best satisfaction of consumer demand will be developed among them. The interest of the state will be guaranteed by the system of state orders. However, such orders must enjoy a priority status and more advantageous economic conditions and stipulate the reciprocal responsibility of the parties and be awarded, as a rule, on a competitive basis.

The question of the nature and purpose of control figures arises in connection with the changed approach to planning. Their purpose is to direct the enterprises in their specific economic situation. To this effect, the control figures must reflect the social need for a given type of enterprise output, a minimal level of efficiency, and tasks of a social nature; in other words, they should help the enterprise reach a necessary development standard. The control figures should not be in the nature of directives, fettering the labor collective in the formulation of the plan but giving it broad scope in choosing among decisions and partners in concluding economic contracts. The implementation of orders and contracts must become the most important criterion in the evaluation of enterprise activities and in the material incentive of the collective.

The conversion of enterprises and associations to self-support and self-financing is an essentially important requirement. This means that they must cover all current expenditures, including wages, make investments in production expansion and reconstruction and ensure the social development of labor collectives with the funds they have earned. Budget financing will be retained only in solving the biggest and most important state problems. At the same time, the enterprises will be granted extensive opportunities for making responsible use of bank credit. It is thus that the labor collective will bear full economic responsibility for the results of its activities.

Stable long-range standards will be ascribed a most important role in the new economic management mechanism. This will mean payments made to the state budget for fixed capital, land, water and other natural and labor resources, and interest on loans. There will be standards governing wage funds and funds for the satisfaction of sociocultural requirements. The prices of the produced commodities and rates for services will act as economic standards. The interest of the collectives will be consistent with the national interests through the standards based on economic methods.

The new economic mechanism calls for radical changes in the system of material and technical supplying of enterprises: conversion from centralized material and technical supplies to wholesale trade in means of production. The enterprises must be given the opportunity of purchasing all they require for their output, construction and reconstruction and solution of social problems with the help of money they have earned.

The conversion of labor collectives to self-government, with the help of which they independently solve all problems of the internal organization of the production process, including the election of managers, will become a powerful incentive for the manifestation of the initiative and autonomous activities of the working people.

Such are, we believe, the basic features of the new mechanism of economic management of enterprises and associations.

Naturally, a number of unusual questions may arise in conversion to this mechanism. Some of them have already appeared in the course of the nationwide discussion of the draft Law on the State Enterprise.

One of them is what do with enterprises which, as a result of poor economic management, turn out incapable of ensuring payments to the state and a normal level of income for the labor collective. Clearly, in this case a variety of forms of aid could be applied, provided by the sector or the bank. However, even if after all such measures matters have not improved, based on the priority of the interests of society, the question may be raised of reorganizing or terminating the activities of such enterprises. Naturally, this is an extreme measure and it is self-evident that the state should be concerned with finding jobs for the working people.

Another question arises: Would the broadening of enterprise autonomy and the abandonment of the widespread system of mandatory indicators lead to weakening the planning principle and to worsening the national economic balance?

We believe such fears to be groundless. To believe that everything can be contemplated by the center, within the framework of a huge economy such as ours, is an illusion. The activities of the Gosplan and the other economic departments in balancing the national economy will be backed by the economic interest and the economic responsibility of the enterprises and the increased role of economic contracts they sign with one-another. This would make balancing more realistic.

The basic features of the new economic mechanism are reflected in the draft Law on the State Enterprise (Association). The generally shared view of production workers, scientists, members of central departments, party and soviet workers and our public is the following: as a whole, this is a good document consistent with present needs and new tasks. It is a good base for converting to the new mechanism.

The persistent demands made in the course of the nationwide discussion of this document is the following: not to yield to the pressure of inertial habits and concepts, but to advance firmly. The new law must not, as has frequently been the case in the past, be made subject to the fluctuations of numerous instructions which could emasculate its essence and stop reconstruction.

In principle, the conversion to the new economic management methods has already begun in our country. I am referring to the fact that, starting with this year, enterprises and associations in several sectors have converted to work based on full cost accounting and self-financing. Naturally, a period of 5 or 6 months is too short to bring fully to light both the strong aspects and the shortcomings of the new economic mechanism, the more so since this transition has its own specific features.

The activities of such enterprises are greatly influenced by the input of external factors and, above all, their somehow "isolated" conditions. This applies to relations between enterprises and their suppliers and consumers, which are working on the basis of the old principles, and the management provided by ministries and central economic authorities, which also so far operate on the basis of the old concepts. The conversion of enterprises to the principles of full cost accounting and self-financing has begun under conditions in which the 5-year plan is already in operation and when many of its standards must be adapted to it. Nonetheless, comrades, this should not stop us in urging the application of the new economic management principles.

Reorganization of the Function of Centralized Economic Management

Comrades! Centralized economic management must also assume a qualitatively new aspect under the conditions of full cost accounting and self-government of the basic national economic units.

Essentially, it is a question of formulating a new concept of centralism, based on the activeness of the working people and the autonomy of enterprises, i.e., of true democratic centralism in its Leninist understanding, which is immeasurably more powerful than centralism which has become bogged down in efforts to regulate urbi et orbi.

Let us begin first with national economic planning. What is, under the new conditions, the "philosophy" of the state plan? The plan should formulate the basic priorities and targets of the country's socioeconomic development, trends of structural and investment policy, scientific and technical progress, acquiring scientific, educational and cultural potential and maintaining the country's defense capability.

The idea under the new circumstances is to enhance the role of the "formulating," so to say, part of planning, above all the concept of the country's long-term 15-year socioeconomic development. It must encompass all major programs, balance them and define ways of achieving strategic objectives. The 5-year plan divided into annual segments, must become in fact the basic form of state planning.

In order to maintain planned proportions and economic balancing, ministries and departments and union republics will be issued initial planning data. As to the enterprises, economic standards and incentives will be their main influence levers. Their purpose will be to organize association and enterprise activities with the type of conditions which they will find advantageous, guided by the control figures, in seeking ways for the most efficient satisfaction of social requirements.

At this point we must mention a question which excites many people. Fears have been expressed that should we abandon direct mandatory volume indicators for associations and enterprises under conditions of full cost accounting, a temporary drop in the pace of output may occur in some sectors, areas and even the entire country.

Comrades, what can be said on this subject? If it is a question of reaching higher growth figures by increasing gross output and computing the same figures twice without any real increase in end results, society will not benefit and may even lose.

Nonetheless you and I believe that the conversion to cost accounting, the new economic management methods and extensive use of collective contracting and other progressive forms of labor organization and incentive will make it possible to increase the labor activeness of the people, to use resources which have been left unused so far, to increase efficiency and thus to achieve higher rates of real growth while maintaining the high quality of output.

It is precisely such restructuring that is natural and, furthermore, absolutely necessary if we are to ensure a new quality of economic growth. If such restructuring can affect the indicators of inefficiently working enterprises, unquestionably, it would play a positive role for the entire national economy and its future development, based on end results and on the extent of satisfaction of social requirements.

The most important structural component of restructuring economic management is the radical reform in price setting. Without it no full conversion to the new mechanism is possible.

Prices must play an important stimulating role in improving the utilization of resources, reducing costs, improving the quality of output, accelerating scientific and technical progress and improving the efficiency of the entire distribution and consumption system. It is here that the new approaches consistent with the contemporary stage in the development of political and economic approaches must be manifested.

For a long time the existing price system was oriented toward inexpensive natural resources. The current prices of coal, petroleum, natural gas and electric power do not provide conditions for the self-financing of the fuel and energy complex. They continue to create the illusion of inexpensive and inexhaustible natural resources and lead to a further increase in their production, consumption and transportation.

Economically unjustified approaches to price setting led to the appearance and rapid increase in subsidies for the production and marketing of a great variety of goods and services. The sum total of state budget subsidies today is in excess of 73 billion rubles annually. On the other hand, an unnecessarily high level of profitability has been set for many types of commodities, which does not reflect in the least production efficiency. This as well is the result of shortcuts in price setting.

Those whose production prices have been unjustifiably lowered have no incentive to increase outputs; those who earn excess profits because of higher prices have no incentive to lower outlays and improve efficiency. With this situation, normal economic relations in the national economy are simply impossible.

That is why we are facing the need not for some kind of partial improvement in the price system but for a radical reform in price setting, an interrelated restructuring of our entire "price-setting economy"--wholesale, purchase and retail prices and rates.

It is a question not only of price levels but of price-setting procedures. Naturally, the prices of the most important commodities must be set on a centralized basis, together with the elaboration of the national plan, in which they are included. Nonetheless, the new mechanism should bring changes in the utilization of contractual prices. This will contribute to increasing the rights and economic autonomy of enterprises.

The reform of wholesale prices should improve the situation in the national economy and create better conditions in the struggle for production efficiency, conservation of resources and quality of output. As to retail prices, their changes should not only not worsen the living standard of the working people but, conversely, improve this standard for some categories of working people and result in greater social justice.

It must be made clear that because of the importance and difficulty of the reform in price setting, preparations for the reform must be made most responsibly. Within a short time a tremendous amount of work must be completed, which will require the hiring of the necessary personnel. We must bear in mind that the new structure of the 5-year plan and a conversion to an

integral economic management system would be impossible without solving this problem.

Bearing in mind the political and social significance of the reforms in price setting, it must become the topic of the broadest possible discussion throughout the country.

The restructuring of the system for material and technical procurements for the national economy must be closely related to the price reform. Its main trend must be a decisive conversion to wholesale trade in means of production through direct relations between suppliers and consumers as well as cost accounting wholesale bases. In this case, in the final account the state authorities would be regulating and controlling wholesale trade.

The problem of converting to wholesale trade in means of production is not new. However, it is only of late that we have been able to take the first real step in this direction. We must accelerate and broaden the scale of such work in order to complete it in the next few years.

Several important reasons urgently require that we organize wholesale trade in means of production and, above all, that we convert enterprises and associations to cost accounting. I would like to mention yet another reason: the need to normalize stocks of commodity-material values. In the main production sectors such stocks exceed 300 billion rubles. They freeze substantial amounts of the national wealth.

This situation can be largely explained by the cumbersomeness and inefficiency of material and technical supplies and their unreliability, which creates in the enterprises the desire to stockpile emergency resources.

Look at the situation with metal. Metal shortages are the subject of endless complaints. Yet metal stocks are increasing. In the past 6 years stocks of rolled ferrous metals held by consumers have increased by 2 million tons and at the beginning of this year totaled 9.3 million tons. Let us think: Are we short of metal or are we unable to handle it efficiently? It is true that putting such rolled metal reserves to use is no simple matter, for they are stockpiled in the enterprises. It may amaze you, but let me tell you that the Gosstab organizations account for no more than 1.5 percent of commodity-material stocks; the balance is scattered within the economy.

The following question also was brought up at the CPSU Central Committee Conference: Is it possible to engage in wholesale trade if resources are scarce? This argument is invariably used when we discuss the problem of the time which it will take to convert to wholesale trade. The participants in the conference confidently proved that the very system of funding and procurements is precisely the one which creates shortages. This was supported by specific examples. In this case the conversion of enterprises to the principles of full cost accounting will be of decisive significance, for the faster we convert to direct relations and to wholesale trade, the faster we shall get rid of shortages and surpluses of material goods.

These are not abstract considerations. Here is a specific case: today, even at the very beginning of the conversion of kolkhozes and sovkhozes to the new cost accounting principles, requests for agricultural equipment and other resources have dropped significantly. Orders for combines for next year, for example, have dropped by approximately 30 percent. Orders for some types of tractors and other agricultural equipment, above all obsolete and underproductive, have declined. Such is the real situation. The result is that today's scarcity could become overproduction tomorrow.

Major problems must be solved in the area of finances, credits and monetary circulation. Without this as well we cannot develop the new economic mechanism. Today the main shortcoming in this area is the separation between the circulation of financial and credit resources and funds from changes in material values and the oversaturation of the national economy with currency. Today's ruble does not fully perform its role of active instrument of financial control over the economy.

The country's financial system has obviously become obsolete. It does not stimulate increased economic management efficiency and frequently pursues instant fiscal objectives. Credit has largely lost its role. The lines which separate it from subsidy have been eroded.

Everything seems to indicate that we will not be able to do without a radical financial-credit reform which must be targeted on organizing relations between the budget and enterprises on a legal base and blocking all possibilities of obtaining income before the final marketing of goods and ensuring the all-round financial improvement of the national economy.

Comrades: No country in the contemporary world can consider itself economically isolated from others. Our country is no exception. The Soviet economy is part of the global economy. Inevitably, international trade and monetary relations among countries and the latest scientific and technical changes affect, one way or another, the situation in our own economy.

The steps which are taken to perfect the management of foreign economic relations are aimed, in particular, at intensifying the participation of the USSR in the international division of labor. This is becoming an increasingly important factor in the development of the Soviet national economy.

On the other hand, not only we and our allies but anyone interested in cooperating with our country under the new and more favorable conditions created to this effect could benefit from the successful implementation of the plans of restructuring in our country and the modernization of our economy. In other words, the restructuring of the Soviet economy, taking into consideration the significant share of the Soviet Union in the global economy, will contribute to the development of extensive international cooperation and thus to improving international economic relations.

Important and far-reaching decisions were recently made in foreign economic policy and the mechanism for its implementation. The restructuring of economic management provides broad opportunities for upgrading the efficiency of our foreign economic relations and, what is particularly important, for

intensifying the influence of the foreign market on the work of sectors and enterprises, the quality of their output and scientific and technical progress.

In this connection, upgrading the efficiency of cooperation with the socialist countries is of essential significance. The purpose of the restructuring of the economic mechanism is to create favorable economic and organizational-legal conditions for the extensive integration of our national economy with the national economies of the fraternal countries.

Extensive opportunities to achieve this are provided by granting the enterprises the right to establish direct cooperation relations with partners in the socialist countries. As the recent discussion of this problem by the Politburo indicated, so far they are being used extremely insufficiently. Clearly, one of the reasons for this is the absence of cost accounting interest on the part of labor collectives. It is entirely obvious that success in our restructuring largely predetermines the increased efficiency of economic and scientific and technical cooperation with fraternal parties. The Politburo, the Central Committee Secretariat and the Council of Ministers must steadily supervise the development of economic interaction with them.

We must make a close and profound study of the experience of our friends and adopt anything which could be used in the interest of the Soviet national economy.

In short, comrades, an important broad restructuring must be made in the activities of the centralized management of the national economy. In addition to the conversion of enterprises to cost accounting, this blends within a single entity--a radical reform in economic management.

Organizational Restructuring and the Work of Management Authorities

Comrades! You realize that as we change the economic mechanism and convert to new economic management methods we cannot avoid the thorough improvement of organizational structures.

In this connection, what can we say about the basic economic unit? Today's enterprises and associations developed under conditions which forced them to set up their own supply systems, instrument-making, casting, repair and other shops, regardless of increased production costs and the primitive nature of such output and its low labor productivity. A barter economy developed within sectors, creating inefficient relations and waste of social labor.

Despite our entire efforts, the development of production and, particularly, scientific-production associations ground to a halt. It encountered departmental barriers and territorial boundaries and the aspiration of superior authorities to include within associations exclusively enterprises under their own ministry or even their own main administration.

What type of enterprises and associations do we need? Obviously, no simple answer can be provided to this question. A routine approach must not be applied in solving this important problem. Nonetheless, some basic ideas

should be formulated. Above all, the structure of enterprises and associations must be consistent with efficient specialization and cooperation. Conditions must be created for the application of the most advanced equipment and technology. It is important to combine within a single organization all production units, from applied research to serial production and technical services. Naturally, we must also take into consideration the manageability factor. Finally, allowing associations to gain a monopoly status in the production of a given commodity must be avoided.

We believe that the conversion of enterprises and associations to full cost accounting and self-financing should be combined with granting them the right to set up joint production facilities and associations based on share participation or even total merger, should this be dictated by economic expediency. We are convinced that under the new circumstances the enterprises will become interested in setting up a variety of voluntary associations related to the development of new equipment, shared computer centers, social and environmental protection projects, transportation centers and even courses for training cadres and management.

However, the position which the management authorities must adopt must not be passive, not to say conservative. We must widely open the door to a variety of integration processes.

In the future, the present 37,000 industrial enterprises, which are included within the state plan, could be reduced to several thousand large sectorial, intersectorial and territorial-sectorial associations under the direct management of central authorities. They should be able to cover the entire "scientific research-investment-production-marketing-servicing" cycle. In addition to them, tens of thousands of medium-sized and small enterprises, including cooperatives, oriented toward servicing large associations and the local market, could operate under republic and local jurisdiction.

Equally important is the question of the organizational restructuring of sectorial management.

What should this consist of? It should consist of clearly demarcating that which is under the responsibility of a ministry and of an association or enterprise. The ministries must become the true scientific and technical and planning-economic headquarters of sectors, answerable to the country for the satisfaction of the needs of the national economy for goods produced by their sector, for attaining world standards in production technology, quality and technical production standards, and actively engaging in the development and perfecting sectorial structures, intensifying specialization and cooperation, and formulating economic standards, levers and incentives for subordinate enterprises.

They must have at their disposal the head scientific and technical organizations and centralized funds with the help of which, if necessary, they could open new enterprises and support the efforts of labor collectives in cases of major reconstructions and expansion of production facilities. The overwhelming majority of sectorial ministries could truly become part of foreign economic activities. The ministries will have the responsible task of

training and upgrading the skills and retraining cadres. Their role will immeasurably increase in this area.

In order to block the efforts of ministry apparatus administratively to supervise enterprises, they must be freed from the functions of daily economic management by eliminating the respective subunits and reducing the size of ministry personnel and their servicing organization. With their new functions, the ministries do not need a cumbersome structure and large staffs. The question of combining some ministries could also arise in the course of the implementation of the suggested steps.

As we know, we have undertaken to develop a system of management of national economic complexes and groups of related sectors. The Gosagroprom, Gosstroy Machine Building Bureau and Fuel-Energy Complex Bureau, a Foreign Economic Commission and a Social Development Bureau have been set up as permanent agencies of the USSR Council of Ministers.

This system is in its organizational stage. We have not as yet determined the optimal distribution of functions among the administrative authorities of the complexes, on the one hand, and the USSR Gosplan and the Ministries, on the other.

We must systematically pursue a line of converting the permanent agencies of the government into viable organizations responsible for the development of their complexes and for solving intersectorial problems. We know from practical experience that the major national economic problems arise precisely where sectors intersect. It is precisely here that the greatest lack of coordination exists, as a result of which we suffer major losses. However, it is also here that major possibilities of improving the work exist.

The strengthening of the permanent governmental agencies will enable us to include ministries and departments within them and make management more efficient and effective.

The new circumstances have raised requirements concerning the quality of the work of the central economic authorities: the Gosplan, Ministry of Finance, State Committee for Prices, Gosstnab, GKNT, State Committee for Labor and others. Conversion to full cost accounting, radical changes in the activities of ministries and the development of a system of management of national economic complexes radically change the functions of these agencies.

As to the USSR Gosplan, the center of gravity in its work must be shifted to specific long-term developments, the implementation of essential economic and social tasks, and ensuring balancing on the national economic level. This requires a radical reorganization of the Gosplan structure as the highest scientific and economic headquarters of the country. Its consolidated subdivisions, social areas of work and scientific and technical and territorial services must be substantially strengthened. Naturally, all of this must be most closely related to the functions of the permanent agencies of the USSR Council of Ministers.

Clearly, comrades, the question has arisen of strengthening the coordinating role of the USSR Gosplan in terms of the activities of the other central economic departments.

We already pointed out that the new system will be efficient only if it can unify and harmonize the variety of interests in our society, including not only those of sectorial enterprises but of republics, krays, oblasts, cities and the rayons or, as we commonly say, territorial interests.

We must remember that unless we include local possibilities and initiatives in our efforts to achieve a radical reform, such efforts could be greatly harmed.

We should recall, comrades, that many ideas on the basis of which we conducted important experiments and formulated a modern management concept were of local origin and were developed thanks to the initiative-minded efforts of local authorities. The brigade contracting method in agriculture, construction and industry, the new forms of territorial economic management, progressive initiatives in rail transports, consumer services and trade, a conversion to self-financing and a great many other initiatives were developed by the labor collectives with the active support of the local party, soviet and economic authorities.

A number of decisions have been made of late on upgrading the role of republic authorities and local soviets. They were welcomed with approval. Nonetheless, so far the territorial aspect of management has not been the topic of suitable attention and decision. Radical steps must be taken in this area.

Our experience proves that territorial agencies must concentrate their activities above all on the problem of the comprehensive development of the area and the most efficient use of local resources--labor, natural, industrial and economic. Actually, we have already taken specific steps in this area. By this I mean the creation of authorities for the management of agroindustrial complexes, construction and the production of consumer goods and services.

The territorial authorities could do a great deal to develop intersectorial production facilities, ensure the better utilization of one-of-a-kind equipment and secondary resources, and develop the production infrastructure. This is a major area for their work.

Naturally, the social sphere is the most important target of territorial management, above all on the part of the soviets. Let me make two remarks in this connection. The first pertains to protecting the interests of the social sphere in the large cities. Comrades, we must put an end in those cities to the escalation of industrial construction to the detriment of their social development.

Why not figure out and apply a system according to which industrial construction would be allowed by a ministry or department only if, at the same time, it puts at the disposal of the territorial authorities funds for the

development of the social sphere on the basis of formulated standards. I believe that such an approach would contribute to bringing order in urban development.

The second thing applies to the role of the territorial authorities in organizing cooperative and individual labor activity. Today virtually all the necessary resolutions in this connection have already been passed on the governmental level. Many working people would like to join efforts in cooperatives in solving a variety of problems related to satisfying the needs of the people. Many people would like to engage in individual labor activity. It may seem that we have everything necessary for the development of this important process. Nonetheless, it is developing with a great deal of difficulty and very slowly. The only reason for this is the lack of initiative on the part of the local authorities, lack of attention to this problem and, in some cases, unwillingness to deal with it and the creation of all possible bureaucratic obstructions. Nonetheless, this remains the direct obligation of the local authorities, for which they must be held fully answerable.

Therefore, whatever aspect of our economy we consider, we feel everywhere the need to enhance the role of territorial authorities, that of the soviets above all. Obviously, organizational steps will have to be taken in this area. In our view, it would be expedient to set up within the executive committees of oblast and kray soviets production-economic managements in charge of the comprehensive formulation of regional development plans and coordination of all economic activities within a given territory.

In general, comrades, we need the type of management system which would be consistent with the new economic management principles and the nature of economic methods. It must set clear lines of demarcation among the competences and responsibilities of management authorities on all levels and in all areas and promote the creation of the best possible conditions for the functioning of the basic units--enterprises and associations.

Social Aspects of Management Restructuring

Comrades: Our economic policy and practice is focused on the individual, with his real interests and motivations.

We must realize that the time when management was reduced to issuing orders, prohibitions and appeals is past. Today everyone clearly realizes that one can no longer work with the help of such methods. They are simply inefficient. The imperative of the time is the creation of a powerful system of motivations and incentives which will encourage all working people fully to display their capabilities, work fruitfully and make most efficient use of production resources.

Here everything is extremely important--the organization of labor and incentive, the employment system, the situation on the consumer market, and the condition of sociocultural services. Each of these areas must be considered from the viewpoint of enhancing the human factor.

It is urgently necessary to adopt a qualitatively new approach to the organization of labor. Most of what we have today was established sometime in the past, the distant past even. We need the type of labor organization which would be consistent with the contemporary requirements of scientific and technical progress and would encompass the best domestic and world experience and, which is particularly important, would be consistent with the new economic management conditions and principles of self-government.

Now, after the series of the familiar experiments, all of us clearly realize that collective contracting and other efficient forms of labor organization and incentives are the most consistent with the new economic mechanism. It is only on their basis that we can fully apply cost accounting and ensure its use by every collective and in each work place.

We must restructure the wage and labor incentive system. Today, on the basis of the Law on the Enterprise, the enterprise will have the guaranteed right to increase wage rates and salaries and wage supplements. Possibilities of efficient incentive are drastically increased. It is particularly important in this case, however, for the actual wage of every working person to be closely related to his individual labor contribution to end results and to be open-ended. The only criterion of a just fair is whether or not it will have been earned.

Public production intensification and the creation of a corresponding economic mechanism encourages us to take a new look at the problem of efficient employment in our society.

In the past, under the conditions of a primarily extensive development of production, the number of jobs increased rapidly. At that time the main problem was finding more manpower. The situation today has changed radically. Under the conditions of accelerated scientific and technical progress the scale at which workers will be released will increase significantly. This will be further encouraged by the new economic mechanism. At the same time, there will be a greater need for manpower in services, culture, education, health care and recreation.

Such regrouping of manpower will demand close attention and thoroughly planned organizational steps. We must ensure the social guarantees of employment and the constitutional right to work. The socialist system has such possibilities.

In the new situation, we must broaden the rights and increase the responsibility of state agencies dealing with labor and social problems.

I already pointed out that in recent years a major gap had developed between monetary income and solvent population demand, on the one hand, and availability of goods, on the other. Between 1971 and 1985 the amount of money in circulation increased by a factor of 3.1, whereas the production of consumer goods only doubled. The line of subordinating the production of consumer goods to population demand must be persistently extended within the framework of the reform in economic management. Working for the warehouse is not only wasteful but absurd, from whatever angle we look at it. Such

production must be ended. We believe that this matter deserves the closest possible attention.

However, it is not merely a matter for solvent population demand to be backed by commodities. Clearly, we must also consider a greater involvement of population funds in the solution of a number of other problems. Many people would like to acquire housing with their own funds, through cooperative and individual housing construction. In this area there has been no real progress. Conversely, until recently the share of cooperative construction had been substantially declining. This is obviously wrong.

Substantial funds could be borrowed from the population for the creation of recreation and tourism centers and building sports facilities in residential areas, available for a fee. Under certain conditions the population could also invest funds in cooperatives which are now being created in the service industry and other sectors.

At this point we come across another problem. In order to eliminate deformed demand, we must sharply accelerate the development of the entire area of paid services, doubling and tripling them, introduce additional incentives and provide more facilities in that area. Estimates indicate that this way we could achieve a 15-20-percent annual increase in services.

All of this and much more would allow us, in the immediate future, to improve the situation on the goods and services market and to strengthen monetary circulation. Let this be considered by the pertinent personnel, centrally and locally.

Particularly intolerable today is the passiveness of managers who make no use of the new opportunities which have become available for the solution of social problems. Obviously, in this area the old custom of approaching the solution of social problems on the basis of the residual principle, on the one hand, and the existing mentality of dependency, on the other, still obtains. Both must be firmly rejected. Today none other than the collectives can solve their own social problems. Labor collectives, cities, rayons, oblasts and republics must act persistently, sensibly, with initiative and, generally speaking, in a proprietary manner.

Restructuring of Management Means Efficient Organization and Party-Political Support

Comrades: The radical reform of the economic management system is not a one-time act but a process the completion of which will require a certain length of time. However, we must not delay it. Delays may turn out to be the main danger. We have already lost a great deal of time. In any case, we must begin the 13th 5-year period with the new economic mechanism in place, although its development will be continued subsequently as well.

The Politburo deems inadmissible for the lack of reliable organizational support, slowness and lack of coordination to bring about, as was the case in the past, a delay and a partial implementation of the reform.

In this connection, there is a motion before the plenum to approve the "Basic Regulations on the Radical Restructuring of Economic Management," which contain both essential as well as specific stipulations on the development of the new management system and be adopted as a party directive for all subsequent work in this area.

What is the organizational intent of the suggested restructuring of economic management?

Its starting point will be the adoption of the USSR Law on the State Enterprise (Association) by the USSR Supreme Soviet. By the end of this year an entire "packet" of specific decisions will be made on the most important problems of the restructuring of management, with a view to making centralized management consistent with the Law on the Enterprise.

Starting with 1988 enterprises and associations accounting for about two-thirds of the entire industrial output, including all machine building, metallurgy, most fuel and energy sectors, the chemical, timber, light, food and fish industries and all transport systems will be operating on the basis of the new principles. Conversion to the new economic management conditions should be completed in 1989.

On a parallel basis, all most important functions of economic management will be restructured by the end of the 5-year period: planning, price setting, finances and credit, and material and technical procurements; firm long-term economic standards will be formulated for the 13th 5-year period.

The new 5-year plan will be formulated differently, on the basis of the new economic management system. Above all, extensive autonomy must be granted to the enterprises in concluding contracts on the basis of economic rules and consumer orders. The entire work must be organized in such a way as to ensure the adoption of the 5-year plan by the start of the new period.

Comrades: The organizational aspect of such planned changes must include an extensive program for economic activities and the formulation of the legal mechanism of the economic reform.

The approach is simple: any unclear aspect as to the legality or illegality of a given action in the economic management area should be entirely eliminated. The general legal principle that "anything which is not prohibited by law is permitted" must be applied more widely.

Clearly, following the adoption on the Law on the Enterprise, all laws conflicting with it must be annulled and departmental law-making must be contained within a strict juridical framework.

We must also develop a system for the fast information of labor collectives of government laws and decrees. The people must be familiar with the laws which control their lives and activities.

This immeasurably increases the tasks of prosecutor's office supervision over the observance of the laws by all organizations and officials. The role of State Arbitration must be substantially enhanced in regulating economic life.

Let us particularly emphasize the need for maximal candor and openness in the entire process of making and adopting decisions on matters of socioeconomic life and regular and open accountability by representatives of management authorities. The publication of draft laws and decrees and extensive information on suggestions received on problems under discussion must become the rule. This is the purpose of the new Law on the Nationwide Discussion of the Most Important Problems of State Life, a draft of which will be submitted at the forthcoming session of the USSR Supreme Soviet.

The radical restructuring of our statistical system is a very important and urgent matter. In this area a drastic quality improvement must be made. More information on problems of regional and social development must be provided and a variety of selective studies must be conducted. No serious socioeconomic analysis and, therefore, no competent approach to problems would be possible without this. We must also broaden the range of published economic and social statistical data.

Comrades: Today it is particularly necessary to intensify the party's influence on all areas of our work and to achieve skillful management of social processes and formulate new creative approaches. Our most important task--from the Central Committee down to the primary party organization--in converting the economy to the new management system is to ensure the normal functioning of the national economy. This is important precisely because during the transitional period we shall have to solve simultaneously a number of major and difficult problems of our economic development, undertake the structural reorganization of the national economy and take steps to accelerate scientific and technical progress and the radical reform in management and the intensification of its democratic foundations.

However, we must not ignore the fact that for a certain time which will be required for the comprehensive solution of such problems both the new and the old management methods will function. This will present the party organizations with problems of unusual nature and complexity. They must remain in the vanguard of all implemented changes.

The initiated reform essentially affects all levels of our economic structure. It is extremely necessary for the tremendous and varied efforts made in the reorganization of the economic mechanism, taking place on all levels of the national economy, to be within the range of the constant and unabated attention of the party organizations and committees. It is precisely they who must ascribe a political, a nationwide approach to the work for the radical restructuring of economic management.

The role and responsibility of the party organizations of enterprises and associations is particularly important. They are being tested for political maturity and combativeness; their party positions and practical work will greatly determine the conversion to the new economic management methods and the implementation of the principles of self-government in labor collectives.

We are confident that all party organizations, all party members and all cadres will take up the solution of the pressing economic problems with doubled energy, fully aware of the fact that the restructuring of our economy is the decisive, the main prerequisite for our progress in improving the well-being of the Soviet people and ensuring the all-round progress of our socialist homeland.

Comrades: Such are the ideas and principles on the basis of which we are planning the restructuring of the management of our economy--the most profound and broadest restructuring in the period of building socialism. We must approach its implementation with a feeling of tremendous political responsibility to the people and to the future of our country.

The main purpose of the reform is to provide new incentives and impetus to our economic growth and lay a powerful material foundation for the accelerated social and spiritual progress of Soviet society.

The restructuring which has developed in the country is the direct continuation of the October Revolution and the systematic implementation of the ideals inscribed on the banners of our revolution, the 70th anniversary of which we shall be celebrating this year.

Restructuring is the answer to the historical challenge of our time. Our party and people will be able to meet this challenge the way they met it by making the greatest social revolution, building socialism and winning a universal historical victory in the Great Patriotic War.

Such has always been the case when we had to make a historical choice. Such will be the case now.

(The speech was heard with great attention and accompanied by extended applause).

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CONCLUDING SPEECH BY M.S. GORBACHEV 26 JUNE 1987

Moscow KOMMUNIST in Russian No 10, Jul 87 (signed to press 29 Jun 87) pp 47-50

[Text] Comrades! We are concluding the work of our Central Committee Plenum. You know, as was justly noted in the speeches, that this plenum was awaited by the entire party, the entire country. To begin with, the present stage of restructuring has raised many problems. Their assessment and conclusions for political and organizational work must be provided by this Central Committee Plenum. Second, the plenum faced the task of formulating the basic concepts and principles of the radical reform of our economic management.

I believe that we would be fully justified in saying that the plenum answered the hopes of the party members and all Soviet people. This is what determines its tremendous significance. The plenum substantially advances our restructuring along the course earmarked by the 27th CPSU Congress. It increases our understanding of the need for it and of the new approaches for its implementation.

A program for radical reform in economic management was adopted at the plenum. It provides a powerful and efficient lever for the acceleration of restructuring.

This program contains everything we have learned from practical experience, and scientific work in the past 2 years and the lessons of decades of building socialism. It is based on the experiments we conducted in recent years in testing new approaches to the economy. Therefore, the documents which were adopted reflect the collective thinking, everything we were able to sum up on this matter at the present stage in the development of our society.

Let us particularly mention the atmosphere in which the plenum was held. It reflected the further course of the new circumstance which had been developing in the party after the April Plenum and the 27th CPSU Congress. It was characterized by a sober assessment of the course of restructuring, its successes and achievements, a profound study of the work, criticism of shortcomings and free and businesslike discussions of crucial problems. All of this was present in the work of our plenum and all of us, members of the Central Committee, can be justly and fully satisfied with it.

The idea that the process of restructuring, despite all of its achievements, is still developing too slowly, was emphasized in the report and the speeches. As we critically assess the situation, we are harnessing our possibilities, many of which exist in all areas of social life.

The criticism and self-criticism which were heard here are a manifestation of a sensible dissatisfaction with the state of affairs and an indication of our strength. The main features of bolshevik criticism are concreteness, practicality and constructiveness. We can say with full justification that we have achieved progress in industry and in agriculture, which is such a complex economic sector. Particularly significant, however, has been the change in the awareness of the people, in understanding the sociopolitical situation which has developed in the country of late.

Today our country is one of rapidly changing society. This is a society with different moods and of different hopes. This is a renovating society which has been set in motion. The mind has begun to work and practical actions are becoming more energetic and yielding increasingly tangible results.

In a way the plenum rounds up the formulation of the overall concept of restructuring, the idea for which we formulated in April 1985 and developed in the documents of the 27th Congress and the January Central Committee Plenum. However, it is not merely a question of the theoretical aspect, regardless of its importance. The political significance of this plenum is that it takes the ideas of restructuring to the practical level, to the decisive social area--economics--which affects the very foundations of the people's lives.

Let me repeat once again that the decisions of the plenum and the documents it adopted substantially intensify, both theoretically and practically, our strategic line of acceleration and restructuring. They provide the essential guidelines for economic restructuring. Naturally, many suggestions are expected to be formulated on the basis of practical experience. Life will intensify our ideas on restructuring. We can expect new problems and many difficulties. Nor are we ensured against errors, although we must work and act in such a way as to reduce their number as much as possible.

Nonetheless, I am confident that the worst error would be fear of making an error.

The gravest error would be that, fearing the difficulties of the present stage, some people will cowardly lock themselves in their offices and will not react to the fact that life is knocking ever more loudly at doors and windows.

We have adopted the firm rule of not avoiding the crucial problems and not allowing problems to accumulate, for all too many of them have already piled up. The fear of erring is particularly damaging: it paralyzes the willpower and restrains efforts aimed at the reorganization of society.

We are currently undergoing a peculiar transitional period, particularly in the area of economics. We must convert all enterprises and associations to full cost accounting. We must prepare and make a radical reform in planning and price setting, restructure material and technical procurements, finances

and credit and organizational management structures. All of this will require serious and thoughtful work. At the same time, however, no one relieves us from solving the problems of the 12th 5-year period and from achieving the objectives which we have set in the 5-year plan. Naturally, everything possible must be done for this transitional and difficult period not to be extended and for acting decisively, thoughtfully and efficiently during such crucial times.

Everything is important here but most important is the fact that we are undertaking a radical reform in economic management, which affects the economic interests of millions of people. I repeat, this is the main, the most important thing.

That is why we must take such interests into consideration in all practical matters. This does not mean in the least that we can follow in the tail end of various moods and dependencies. No, comrades. I am referring to the legitimate interests which we must take into consideration, for which reason all our efforts in converting to the new economic management mechanism should provide greater opportunities for the implementation of such interests. It is precisely the consideration of such interests that must now become the mainspring which will give a new dynamism to our economic system and to all economic management work.

Generally speaking, all work at this stage must be done with a great feeling of responsibility. This is within the possibility of the society headed by the party, armed with practical experience, theoretically prepared and organizationally united. Today we must emphatically stress that the role of the party at this stage in social development and in restructuring as a whole is particularly important.

The CPSU has been assigned a most responsible task of ensuring the practical implementation of the reform in all units and on all levels. In this connection, let me particularly emphasize the role of the primary party organizations, for all the main and essential aspects of what we are planning will be developed within the labor, the production collective. The activities of all economic management agencies must be directed above all toward the creation of prerequisites for the successful and efficient functioning of the basic economic unit.

It is precisely the fact that the primary party organization works within the labor collective that determines today its increasing role. The party committees, starting with the CPSU Central Committee, must bear this in mind and must help the primary organizations to work efficiently under the new conditions, using all means at their disposal. This applies to all aspects of party work--political, organizational and ideological.

The huge corps of economic cadres in the country also faces new assignments. The party is relying on their decisive contribution to the implementation of the reform. The country has a tremendous cadre potential which must be helped to realize even more profoundly the novelty and scale of the changes being currently made in connection with the economic reform and to engage in active efforts on the basis of the new economic management principles, applying them

comprehensively, in all economic units. We must act in such a way that anyone who supports restructuring and reform and who wants to dedicate to it his strength and experience and become emotionally involved in this matter to enjoy the active support and attention of the party authorities.

This precisely applies to the bulk of the people. Furthermore, unless we surmount a difficulty such as hasty appointments of cadres in the main units, by which I mean managers of enterprises, construction projects, kolkhozes and sovkhozes, implementing the reform will become quite difficult. That is why let me repeat once again that all cadres who politically support restructuring and are suitably competent must be supported. They must be supported and helped in their work.

Speakers at the plenum accurately said that the 13th 5-year period will be the decisive stage in the radical restructuring of economic management. It is precisely then that the reform in planning, price setting and the financial-credit mechanism will be completed and there will be an essential conversion to wholesale trade in means of production. It is as a result of all of these steps that the integral management system will be applied.

To this effect, however, the 13th 5-Year Plan itself must be drafted in accordance with the current situation and the new concepts and with a more profound understanding of the processes taking place in the economy. In this connection, a Central Committee plenum should be held to discuss the political and strategic concepts of the 13th 5-Year Plan.

We have decided to convene the 19th Party Conference. This will be a most important political event in the life of the party and the country. To us, communists, it will be essentially a political test on the main subject of our lives--restructuring.

We must do all of our practical work in the economy and other areas in such a way as to pass this test properly and bring to the conference good practical experience and real results and draw lessons for the future.

Comrades: let me reemphasize that our economic work and restructuring in the national economy can be successful only if the millions of working people become involved. That is why we can say that the line of radical restructuring of management in our country essentially blends with that of further democratization not only of production but of all social life. Economic progress is inseparable from the development of socialist democracy.

You will soon be returning to your republics, krays, oblasts, cities, rayons, and enterprises and the members of the Central Committee and all participants in the plenum will be facing the practical implementation of tasks of tremendous importance, based on the decisions we have made.

Above all the stipulations and ideas of this plenum must be brought to the awareness of the party members and the broadest popular strata. It is very important for the long-term tasks defined by the plenum to be skillfully linked to the solution of current problems, above all those which were formulated in the Politburo report submitted at this Central Committee Plenum.

I believe that today this is the main thing. The people must really feel that restructuring is developing and intensifying and is beginning to yield real results in all areas of life and, above all, in meeting the daily and vital needs of the working people.

Comrades, I wish you fruitful work in the implementation of the resolutions adopted by the Central Committee Plenum.

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PARTY TASKS RELATED TO THE RADICAL RESTRUCTURING OF ECONOMIC MANAGEMENT:
26 JUNE 1987 DECREE OF THE CPSU CENTRAL COMMITTEE PLENUM

Moscow KOMMUNIST in Russian No 10, Jul 87 (signed to press 29 Jun 87) pp 51-53

[Text] 1. Having heard and discussed the report submitted by Comrade M.S. Gorbachev, CPSU Central Committee general secretary, "On the Party's Tasks Related to the Radical Restructuring of Economic Management," the CPSU Central Committee Plenum notes that the systematic implementation of the course of the April 1985 Central Committee Plenum and the 27th CPSU Congress on accelerating socioeconomic development and restructuring are having a profound influence on all areas of life of Soviet society. The January 1987 CPSU Central Committee Plenum was a major landmark on the path of its democratization. The Soviet people entirely support and ever more actively join in the process of wide-scale changes.

The plenum approves the political and practical activities of the CPSU Central Committee Politburo in implementing the course of restructuring and instructs that the strategic line charted at the party congress in the interests of the people, strengthening the cause of socialism and intensifying socialist democracy be pursued firmly.

2. The plenum notes that now, when the party and the country have entered a most crucial period of restructuring--the period of practical steps--the main thing is a comprehensive increase in the pace of change and shifting the center of gravity to the development of painstaking and purposeful organizational and ideological-political work in all areas of domestic and foreign policy.

The plenum considers particularly important that all work done by the party, the individual party organization and the party member be subordinated to the intensification of restructuring, the consolidation of its positive results and progress and development of anything which will enable us to eliminate stagnation faster and to put to practical use the reliable and efficient mechanism of acceleration.

The plenum deems necessary pursuing the line of democratization of Soviet society even more actively and systematically, as the main prerequisite for the direct involvement of the broad toiling masses in restructuring and a guarantee of the irreversibility of the process of renovation.

3. The CPSU Central Committee Plenum considers that a radical reform in economic management is the key task of restructuring and the most important prerequisite for accelerated socioeconomic development. In this area priority is given to the development of a new integral system which should have a revolutionizing influence on all aspects of the work and life of Soviet people, ascribing new quality to socialism and raising it to a new level of development.

The plenum approves the basic directions in the radical restructuring of economic management and the objectives and principles of its implementation, formulated in the report submitted by Comrade M.S. Gorbachev, CPSU Central Committee general secretary. The conversion to an integral management system should ensure the real acceleration in the development of the economy and ascribe it a new dynamism and quality, satisfying the needs of society through the maximal utilization of the achievements of scientific and technical progress, ensuring sensible socialist use of nature and a decisive conversion from primarily administrative to primarily economic management methods on all levels and the comprehensive enhancement of the human factor.

The "Basic Stipulations of the Radical Restructuring of Economic Management," submitted by the CPSU Central Committee Politburo, are hereby ratified.

The draft USSR Law on the State Enterprise (Association), completed in accordance with the results of the nationwide discussion, is hereby approved. The USSR Council of Ministers is instructed to submit it to the USSR Supreme Soviet for its consideration.

4. The CPSU Central Committee Plenum notes that the radical restructuring of management reformulates the question of the application of the principle of democratic centralism in the management of the socialist economy and formulates new requirements concerning the activities of the central economic management authorities. They must ensure the implementation of the state strategy of socioeconomic and scientific and technical development and the full and reliable balancing of the economy and creation of the necessary prerequisites for efficient economic management by enterprises and associations under the conditions of their cost accounting independence and the self-government of labor collectives and, on this basis, the satisfaction of social requirements.

The plenum approved in their essence the draft decrees on restructuring the activities of central, republic and local management authorities, the planning system, the implementation of a radical financial-credit reform, the reforms in price setting and restructuring of material and technical procurements and other legal acts, and instructs the CPSU Central Committee Politburo and USSR Council of Ministers to adopt them, taking into consideration their discussion at the Central Committee Plenum.

5. The CPSU Central Committee Plenum emphasizes that today it is particularly important and necessary to intensify the party's influence in all areas of restructuring, to ensure the skillful management of social processes and to formulate new creative approaches to party work. Particular attention in the activities related to converting the economy to the new management system

should be paid to ensuring the normal functioning of the national economy during the transitional period, when both the new and old management methods will be used concurrently.

The party organizations must be in the vanguard of the changes. The central committees of communist parties of union republics and the party kraykoms, obkoms, okrushkoms, gorkoms and raykoms must systematically follow the line of perfecting the work style, strengthening political management methods with the support of the primary party organizations, labor collectives and public organizations, truthfully and principle-mindedly assess the situation and teach cadres to act in a new style. Specific steps must be taken to increase responsibility and principle-mindedness in the work of the party organizations of central economic authorities, ministries, departments, enterprises and associations.

With a view to enhancing the activities of party organizations in implementing the resolutions of the 27th Party Congress, the January 1987 Plenum and the present plenum, it is deemed necessary to hold by the end of this year meetings of party members and plenums of party committees at which reports will be submitted by the elective authorities on their work in managing restructuring.

The CPSU Central Committee Plenum emphasizes that the restructuring of the economic management mechanism as a whole is today the main task which determines the success of the entire acceleration strategy. Its implementation is the most important party and national project and an inseparable component of the process of renovation of the entire life of the country and the direct continuation of the cause of the October Revolution.

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ON CONVENING THE 19TH ALL-UNION CPSU CONFERENCE: 26 JUNE 1987 CPSU CENTRAL COMMITTEE PLENUM DECREE

Moscow KOMMUNIST in Russian No 10, Jul 87 (signed to press 29 Jun 87) p 53

[Text] CPSU Central Committee Plenum Decree:

1. The 19th All-Union Conference of the Communist Party of the Soviet Union will convene on 28 June 1988 in Moscow, in the Kremlin Palace of Congresses.
2. The agenda of the conference will be as follows:
 1. Course of implementation of the resolutions of the 27th CPSU Congress, main results of the first half of the 12th 5-Year Plan and the tasks of the party organizations in the intensification of the process of restructuring.
 2. Steps aimed at the further democratization of party life and society.
3. The ratio of representation for the 19th All-Union CPSU Conference will be as follows: one delegate per 3,780 party members, bearing in mind that delegates for the conference will be elected by closed (secret) vote at plenums of central committees of communist parties of union republics and kray and oblast party committees. The election of delegates from the Ukrainian, Belorussian, Uzbek and Kazakh Communist Parties will take place at plenums of oblast party committees.

Delegates to the 19th All-Union CPSU Conference representing party organizations in units of the Soviet army, navy and internal and border forces will also be elected at plenums of the central committees of communist parties and party kraykoms and obkoms, along with the other delegates.

Party members affiliated with the party organizations of units of the Soviet army and navy abroad will elect delegates to the 19th All-Union CPSU Conference at conferences of respective troop formations.

The election of delegates will take place in April-May 1988.

The CPSU Central Committee calls upon the party organizations to conduct preparations for the All-Union CPSU Conference with high ideological-political

and organizational standards, under the sign of the further unity of party ranks, the strengthening unity between party and people and the intensifying process of revolutionary social change taking place in the country.

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BASIC REGULATIONS ON THE RADICAL RESTRUCTURING OF ECONOMIC MANAGEMENT

Moscow KOMMUNIST in Russian No 10, Jul 87 (signed to press 29 Jun 87) pp 54-72

[Text] The prime task of the party and the entire people, formulated at the April 1985 Central Committee Plenum and approved at the 27th CPSU Congress, is to accelerate the country's socioeconomic development, to put firmly an end to adverse trends in the economy, to give it proper dynamism, and to provide scope for the initiative and creativity of the masses and for truly revolutionary changes.

The CPSU Central Committee notes that in accordance with the resolutions of the 27th CPSU Congress a new structural and investment policy has been drafted for the main sphere in society--the economy; forces and funds are concentrated on the development of the social sphere and the most important areas of scientific and technical progress. Decisive efforts are being made to upgrade production efficiency and quality.

A process of profound changes has been initiated in economic management. New economic management methods, formulated on the basis of the study of the situation which developed by the turn of the 1980s, and a series of large-scale economic experiments are being mastered. For the time being, however, only partial rather than radical results have been achieved. The development of the economy is being obstructed by the incomplete development of the economic mechanism and the management system.

The hindrance mechanism has still not been eliminated. So far economic processes have not been freed from the pressure of outlay and gross output approaches; work on resource conservation is developing sluggishly; no radical change has been made as yet in the acceleration of scientific and technical progress.

The basic unit in the national economy--the enterprise (association)--has still not been positioned in the kind of economic conditions which would motivate it to satisfy the needs of society for its output with the efficient utilization of all resources.

No more than isolated components have been created for the new management system on the national economic level. Few changes have been made in the ways and means of work of sectorial ministries. They are managing essentially

through administrative methods. The functions of the central economic authorities have not been changed and the problems which have accumulated in planning, price setting, material and technical supplies, finances, credit, and labor organization and wages are being increasingly felt.

The CPSU Central Committee believes that at the present stage the main political tasks of the party in the economy are the implementation of a radical reform and the creation of an overall, efficient and flexible management system which will enable us to make maximal use of the advantages of socialism.

The purposes of the radical reform in economic management in the country are the following:

Redirecting economic growth, with intermediary to final and socially significant results, toward satisfying social needs;

Organically combining the interests of society, the collective and the individual working person with the all-round development of man and reaching a qualitatively new standard of well-being of the Soviet people;

Making scientific and technical progress the main factor of economic growth; ensuring balancing, eliminating the scarcity of material resources and consumer goods which hinder efficient economic management and production intensification;

Giving priority to consumers in economic relations, with rights and possibilities of economic choice;

Creating a reliably operating anti-outlay mechanism for the functioning of the national economy and, above all, its main unit--the enterprise (association).

The essence of the radical restructuring of economic management in the country is converting from primarily administrative to economic management methods on all levels, to management of and through interests, to extensive democratization of management and all-round enhancement of the human factor.

In accordance with the resolutions of the April 1985 CPSU Central Committee Plenum and the 27th Party Congress, an integral management system has been formulated, which includes:

First, a drastic increase in the autonomy of enterprises (associations), their conversion to full cost accounting and self-financing, upgrading responsibility for the highest possible end results, meeting obligations to consumers, establishing a direct correlation between the level of income earned by the collective and the efficiency of its work, and the extensive development of collective contracting in labor relations;

Second, radical restructuring of centralized economic management, upgrading its quality standard, concentrating on the main processes which determine the strategy and pace and proportions in the development of the national economy

as a whole and its balancing and, at the same time, decisively relieving the center from interfering in the daily activities of subordinate economic units;

Third, implementing a radical reform in planning, price setting, and the financial-credit mechanism, conversion to wholesale trade in means of production and restructuring the management of scientific and technical progress, foreign economic relations, and labor and social processes;

Fourth, creating new organizational structures which ensure intensified specialization and increased reliability of cooperation relations and direct involvement of science in production and, on this basis, a breakthrough in attaining global quality standards;

Fifth, converting from excessively centralized to a democratic management system, developing self-government, creating a mechanism for enhancing the potential of the individual and drastically demarcating between the functions and radically changing the style and methods of activities of party, soviet, public and economic organizations.

The restructuring of economic management must be comprehensive. It must be completed essentially during this 5-year period. The 13th 5-Year Plan must be made entirely consistent with the new economic management mechanism.

The CPSU Central Committee Plenum deems that a radical reform in economic management is one of the main trends in restructuring and renovating socialist society and instructs the CPSU Central Committee Politburo and all party organizations to head the activities of labor collectives, soviets of people's deputies and economic authorities in its implementation, in accordance with the following basic stipulations.

I. Converting the Activities of Enterprises (Associations) to the New Economic Mechanism

1. The CPSU Central Committee considers that the starting point for radical changes in the economic mechanism is the enterprise (association), which is the basic economic unit. It must be provided with the most favorable economic environment; its rights must be codified and its responsibility increased and, on this basis, the entire system of economic management must be restructured.

The CPSU Central Committee Plenum calls for creating, on the basis of full cost accounting, self-support and self-financing, a contemporary economic mechanism for enterprise activities, which will ensure efficient internal incentives for enterprise development and will motivate working for the consumer and comprehensive resource conservation and make extensive use of the achievements of science and technology. This mechanism must most closely link the interests of the enterprise with those of the national economy.

To this effect, the enterprise must independently formulate and ratify its own 5-year and annual plans, proceeding from the needs of society, on the basis of state orders, direct orders placed by enterprises and organizations, and consumer demand. This drastically enhances the role of contracts in planning and in assessing and providing material incentive in enterprise activities,

which presumes the strengthening of reciprocal responsibility of customers and producers. The control figures, long-term economic standards and state orders and ceilings will be the initial data and foundations in the formulation of enterprise 5-year plans.

The possibility must be provided for the fast and efficient supply to enterprises of the raw materials, materials, complementing items, machines and equipment they need. To this effect it is necessary to convert from material and technical supplies to enterprises based on limits and funds to primarily wholesale trade in means of production, without funding and limits, and with the free choice of partners in economic relations, whether producers or cost accounting wholesale trade bases.

2. The enterprise (association) must assume full economic responsibility for the results of its activities; the level of income of its collective must be made directly dependent on such results. To this effect all enterprises must be converted to full cost accounting and self-financing. The funds earned by an enterprise should cover all of its current expenditures, including wages, investments in reconstruction and increasing production and social development. A procedure must be set with which the state will not be held liable for the obligations assumed by enterprises. Budget financing will be excluded as a rule. It will be preserved only in the implementation of the biggest projects. At the same time, the enterprises will be granted extensive opportunities for responsible use of bank loans.

Income based on cost accounting, formed from earnings from sales of goods after deduction of material outlays, payments to the budget and the superior authority and interest of loans must become the main financial source of activities of enterprise collectives. The enterprise will make independent use of amortization withholdings deposited in accordance with stipulated rules into the production development, scientific and technical or any other fund set up for similar purposes.

The practice of diverting free labor from some enterprises to others, such as kolkhozes, construction organizations, vegetable bases, and so on--is considered incompatible with full cost accounting and self-financing. Such diverting will be allowed only as an exception, by decision of the soviet of people's deputies, with mandatory requests based on economic contracts and will full compensation of costs by enterprises and organizations for the benefit of which such personnel have been diverted.

3. The combination of national interests with those of the collective is achieved as a result of long-term fixed economically standardized payments to the state budget, the wage and economic incentive funds and prices and interest rates on loans. Their purpose is to create the type of economic conditions for enterprise activities which will make it profitable for the latter to seek ways ensuring the most efficient satisfaction of demand, increase production and improve production quality, fulfill state orders, outstrip control figures and actively apply scientific and technical progress.

In order to ensure the successful implementation of such functions, the long-term economic rates must be issued to the enterprises prior to the formulation

of their 5-year plans and remain firm. Efforts to formulate them on the basis of the level already reached, and their breakdown by year and item of expenditures or changes in assignment volumes will be considered incompatible with the new economic mechanism.

Rates of to the budget from enterprise revenue or income must be set on the basis of the equal demands of the state concerning the utilization of production resources. To this effect payment rates will be set for means of production, and labor and natural resources.

A system of uniform payment rates for capital assets for all enterprises within a sector and, subsequently, for all sectors must be applied. The possibility of its temporary elimination or reduction in the case of losing or underprofitable enterprises must be envisaged.

The expenditures incurred by the state for training manpower and providing sociocultural and communal services to workers and their families will be compensated with payments for manpower resources, differentiated by area of the country and depending on the stress of the manpower balance.

Differentiated rental payments will be charged for natural resources (land, water, minerals), based on differences in the natural productivity of such resources.

In addition to making payments to the budget for resources, the enterprise income which is left after making such payments and making interest payments on loans, will be taxable.

4. Depending on the characteristics of their production activities, in converting to full cost accounting the collectives of enterprises will be given a choice between two models of full cost accounting and self-financing.

The first model is based on the standard distribution of profit. The wage fund may be based on standards governing net output and, in the extracting sectors, also the marketing of goods in physical terms. The revenue will be used for settling accounts with the budget and the superior authority and the payment of interest on loans. The residual profit will be left at the disposal of the labor collective. It will be used for setting up the production development, science and technology, social development and material incentive funds. According to this model, the cost accounting income will consist of the wage fund and the residual profit.

The second model (the collective contracting model) will be based on a rate governing the distribution of income obtained after paying for material outlays from earnings. Such income will be used to settle accounts with the budget and the superior authority and to pay interest on loans. The balance will constitute the cost accounting income. The unified wage fund will consist of the residual cost accounting income of the enterprise after withholdings for the production development, science and technology and social development fund, based on cost accounting income standards.

5. Conditions must be created for economic competition and competitiveness among enterprises, including those owned by the state and the cooperatives, for the better satisfaction of consumer demand at a lower cost; economic competition must be used as an instrument against monopoly status and diktat by the producer over the consumer.

6. In order to secure the status of every working person as the true owner of the production process and to strengthen the guarantees of enterprise rights, a conversion to the self-government of the labor collective will be made. Fuller use will be made of the advantages of self-government in developing a profound personal interest in the economical utilization of public property, and stimulating the initiative, sharpness and energy of every working person and, at the same time, developing a feeling of responsibility for the affairs of one's enterprise and its successes and failures.

It is recommended to the labor collectives of enterprises to set up in 1987-1988 labor collective councils and to hold elections for managers on the basis of the extensive application of the competitive system.

II. Upgrading the Efficiency of Centralized Management of the National Economy on the Basis of Economic Management Methods

The CPSU Central Committee believes that under the conditions of the new economic mechanism for the activities of enterprises (associations) a qualitatively new aspect must be given to centralized economic management. It must be focused on problems which can and must be solved only by the center. This applies, first of all, to the implementation of a national strategy of economic, social and scientific and technical development, and the regulating of national economic processes on the basis of full and reliable balancing of the economy. Second, the creation of the necessary conditions for efficient economic management of enterprises (associations) and territorial administrative units. The restructuring must ensure the optimal combination of centralized planned management of the economy with the autonomy of its individual units and the development of commodity-monetary relations.

Under contemporary conditions, implementing the strategic objectives of the economic policy of the Communist Party and the Soviet state requires the creation of a system of centralized management which will be implemented through control of interests, involving the use of all economic instruments--the plan, financial-credit relations, prices, and material and technical support, organically combined and unified.

The contemporary form of democratic centralism presumes relying on the activeness of the working people and the autonomy of enterprises, and the extensive utilization of economic methods.

Planning

The CPSU Central Committee notes that the planned management of the economy as a single national economic complex is the most important gain and advantage of the socialist economic system and the main instrument in the implementation of the party's economic policy.

1. The system of state planning of the country's economic and social development must be restructured with a view to the fuller utilization of the advantages of a planned economy.

The concept of the economic and social development of the USSR for the forthcoming 15 years must become the starting economic-political platform for the systematic implementation of the party's economic strategy through the plan and defining the main ways and means of its implementation. It must contain a set of priorities and development targets for the country and define the trends of structural and investment policy, scientific and technical progress, levels of social development and the tasks of accumulating educational and cultural potential and maintaining the country's defense capability.

The concept will be a scientific program for drafting the Basic Directions in the Economic and Social Development of the USSR for the next 15 years with particulars for the first 5-year period. The main directions must embody the party's strategy in specific figures and assignments, define the starting parameters of the plan for the next 5 years and substantiate the annual possibilities and deadlines for its implementation during the 5-year period.

2. The state 5-year plan for the economic and social development of the USSR, formulated on the basis of an annual breakdown, must become the principal means of implementation of the objective and tasks stipulated in the basic directions.

The draft state 5-year plan for the economic and social development of the USSR will be formulated by the USSR Gosplan on the basis of the Basic Direction of Economic and Social Development, the draft plans of ministries (departments) of the USSR and the union republics, and set the most important indicators characterizing the results, proportions and efficiency of the national economy. The USSR Gosplan will submit a draft 5-year plan to the USSR Council of Ministers at the proper time, in advance of the 5-year period.

Guided by the Basic Directions in Economic and Social Development and the starting data for planning issued by the USSR Gosplan and on the basis of the plans of enterprises (associations), the ministries (departments) of the USSR and the councils of ministers of union republics will formulate draft 5-year plans for the development of sectors and union republics.

The USSR ministries (departments) and the councils of ministers of union republics will define the initial data for the formulation of the 5-year plans by their subordinate enterprises (associations): control figures, long-term stable economic rates, state orders and ceilings. In accordance with the initial data and direct orders placed by consumers and material and technical procurement agencies, the enterprises (associations) will conclude economic contracts and draft and ratify their plans.

3. A conversion to economic methods in planning the activities of enterprises on the basis of control figures, long-term stable economic rates and state orders and ceilings is the main aspect of restructuring.

The control figures must reflect social requirements for output produced by enterprises, and minimal production efficiency standards. They must not be of a mandatory nature and fetter the labor collective in the formulation of the plan, but give it wide scope in choosing solutions and partners for the conclusion of economic contracts. The implementation of orders and contracts must become the most important criterion in assessing enterprise activities and in the material incentive of labor collectives.

The control figures will include the indicators of commodity output, work and services in terms of their cost (estimate) for purposes of concluding contracts, profit (income), foreign exchange earnings, and the most important general indicators of scientific and technical progress and of the development of the social sphere.

During the period of mastering the use of the new economic mechanism and completing the conversion to full cost accounting, self-support and self-financing, indicators of labor productivity and material intensiveness can be used.

Fixed long-term economic rates will define relations with the budget and the setting of the wage and economic incentive funds and, together with prices and interest rates on loans, will be the main instruments in planning and the basic levers through which the planning authorities can influence the enterprises and encourage them to function in the interest of society and for the sake of meeting plan targets.

State orders will guarantee the satisfaction of priority social needs. They will be issued to the enterprises for the use of production capacities and projects in the social sphere, financed through state centralized capital investments and the procurement of some types of commodities needed, above all, for the solution of national and social problems, the implementation of scientific and technical programs, strengthening the country's defense capability and supplying agricultural commodities to union and republic stocks.

State orders will be placed with enterprises by the superior authority and may be on a competitive basis; they must be mandatorily included in the plan. The reciprocal responsibility of the parties--the performer and the customer--must be stipulated in the state orders.

The limits set to enterprises will stipulate the maximal amount of state centralized capital investment in the development of intersectorial production facilities, new construction and the solution of particularly important problems in accordance with a list of projects included in the state plan, volumes of construction-installation and contracting projects and material resources allocated on a centralized basis.

4. On the basis of the general tasks of restructuring all planning work in the country, the activities of the USSR Gosplan and the other central economic departments will be radically reorganized. The USSR Gosplan must become the true scientific and economic headquarters of the country, freed from current economic problems. It must concentrate its efforts along the strategic trends

of planned management of economic and social development, the formulation of the most important national economic ratios, the utilization of the main scientific and technical achievements, improvements in structural and investment policy, and ensuring the balancing of the national economy. To this effect, the structure of the apparatus of the USSR Gosplan and the other planning authorities must be reorganized and their consolidated, socioeconomic, scientific and technical and territorial subdivisions must be strengthened.

The permanent development of the economic mechanism, the creation of economic prerequisites for efficient enterprise work and the formulation of scientific long-term stable economic rates must be given priority in the activities of the USSR Gosplan.

Under circumstances in which the coordinated formulation of 5-year financial plans and long-term fixed economic rates, price systems, financial-credit levers, and principles governing labor wages and incentives assumes the greatest possible significance, the USSR Gosplan must coordinate the activities of central economic authorities.

All planning work must be organized in such a way as to ensure the actual acceleration of scientific and technical progress and its conversion into the main source of economic growth. In terms of the entire national economy, administrative-arbitrary methods must be firmly abandoned in the management of scientific and technical progress, and a turn be made to economic management methods. The long-term fixed economic rates, prices, finances and credit and state orders must be aimed at the acceleration of scientific and technical progress.

The USSR State Committee for Science and Technology must reorganize its activities accordingly. It must be assigned the formulation of state scientific and technical programs and the formulation, placing and supervision of the implementation of state orders related to the development of science and technology and the management of intersectorial scientific and technical complexes. It must ensure the extensive use of competitive contractual principles in the scientific and technical area, including basic research. Scientific research and development must be based on the principles of cost accounting and self-financing and payments by the customer for scientific projects, based on the results of their use.

Material and Technical Support

The CPSU Central Committee notes that under the new economic management conditions material and technical support must be radically restructured.

1. It must be based on a decisive conversion from centralized funding of material resources and assigning consumers to suppliers to wholesale trade in means of production.

Wholesale trade must be used as a means of promoting the increased influence of the consumer on the producer and on achieving a dynamic consistency between demand and supply and the elimination of shortages in material resources; each

enterprise must be guaranteed the real possibility, within the limits of its financial means, of purchasing material and technical resources consistent with its requirements and development plans, thereby providing material conditions for full cost accounting and self-financing. The wholesale trade in means of production must be organized as free buying and selling based on direct contracts between producers and consumers and contracts with middlemen, above all with enterprises of territorial procurement-marketing authorities and company stores.

The conversion to the marketing of means of production through wholesale trade must be completed in the next 4 to 5 years. It would be expedient to use ceilings only in the case of marketing means of production in particularly short supply.

A conversion to trade in means of production by individual commodity groups, above all those which are needed for the production of consumer goods and for meeting the needs of agriculture, construction and machine building and the development of cooperatives and individual labor activity must be completed in the next few years.

2. A system for fulfilling and ensuring the fulfillment of state orders must be organized. The structure of state orders will be set by the USSR Gosplan and the state orders of ministries and departments will be formulated by them together with the USSR Gosplan. The structure of state orders will be approved by the councils of ministers of union republics for the individual enterprises under the jurisdiction of republic ministries and departments and for consumer goods and paid services (other than state orders issued by the USSR Gosplan and USSR ministries and departments).

The economic management authorities will issue the enterprises (associations) state orders and, if necessary, draw up lists of enterprises, organizations and establishments which will be given the right to purchase the commodities produced on the basis of such orders.

3. The main task of the territorial authorities of the USSR Gosplan will be to organize, together with enterprises, a reliable and efficient system for material and technical procurements in their area, to promote firm and efficient relations between suppliers and consumers, to supervise deliveries of goods and to give efficient help to enterprises in ensuring them with material resources. The USSR Gosplan and its authorities must organize, on a cost accounting basis, a multiple-channel trade in means of production and economic guidance in the efficient utilization of material resources.

Procurement and marketing organizations must become autonomous cost accounting enterprises which will provide paid services in selecting the most efficient ways of marketing commodities, selling commodities on a commission basis, determining possible sources of supplies, servicing small producers and consumers, storing and further processing commodities, ensuring the utilization of secondary resources and providing other services. The material and technical supply authorities and enterprises will be held materially liable for violations of contractual obligations and will pay for damages caused, in accordance with regulations.

Price Setting

The CPSU Central Committee considers that a radical reform in price setting must become the most important structural component in the restructuring of economic management. Under the new economic management conditions we must firmly put an end to underestimating the role of price setting in the management of the national economy and make prices an efficient tool for upgrading public production efficiency, developing economic management methods and intensifying cost accounting and self-financing.

1. What we need is not a partial improvement in the price system but an interrelated restructuring of the price mechanism for wholesale, purchase and retail prices and rates. The price-setting reform must bring about improvements in the situation in the national economy and the creation of better conditions in the struggle for production efficiency. The restructuring of the pricing and rating system must be completed within the shortest possible time, so that the next 5-year plan may be based on the new prices. Preparations for such restructuring must be undertaken without delay.

2. All the different prices and rates must be reviewed in the implementation of the radical reform in price setting; the organic link among wholesale, purchase and retail prices and rates must be secured. They must systematically reflect the socially necessary production and marketing outlays, consumer features, quality and solvent demand. Prices must include payments for production assets and labor and natural resources and expenditures for environmental protection. Prices must have an anti-outlay nature. Their stimulating role in the acceleration of scientific and technical progress, improving production quality and resource conservation must be enhanced. The new price system must ensure a lowering of unjustified redistribution processes and subsidies. It must create economically substantiated conditions for conversion to full cost accounting and self-financing in all economic sectors.

The new price system must ensure improvements in the correlation between wholesale prices of commodities in the raw material and processing industrial sectors. Prices of raw materials and fuels must be raised in order to ensure a normal level of profitability in the respective sectors and encourage the conservation of fuel and raw material resources. Prices of machine-building commodities and new equipment must take into consideration the actual efficiency of the machines and equipment and stimulate the production and utilization of high-grade goods and essentially new equipment equal or superior to the best foreign models. Contractual prices for scientific and technical development must be based on the results of their utilization.

In construction conditions must be created for the extensive use of contractual prices of finished projects and other finished construction output.

The purchase prices of agricultural commodities must be such as to create conditions for the concentration of farm output in basic commodity areas, specialization and efficient location, profitable work of kolkhozes and sovkhoses, increased labor productivity and quality of output and reduced

production costs. There must be a gradual conversion to the payment for agricultural commodities on the basis of contractual and estimated prices based on and within the range of wholesale and retail prices of corresponding finished goods.

Not only must changes in retail prices not result in any worsening of the living standards of the working people but, conversely, lead to improving such standards for some categories of working people and to ensuring greater social justice.

Bearing in mind the importance and difficulty of the price-setting reform great responsibility must be displayed in preparations for the reform. Taking into consideration the political and social significance of the price-setting reform, it must become the subject of the broadest possible discussion in the country.

The planning of prices and rates must be a structural component of the 5-year plans with a view to reflecting more fully in the prices the tasks and conditions governing the development of the national economy within the planned period.

3. The USSR State Committee for Prices and its agencies must concentrate their activities on the preparation and implementation of the radical reform in price setting, ensuring the consistency between prices and the requirements of the party's social policy and the national effectiveness of output and control over the overall level, structure and dynamics of prices.

The setting of prices for specific types of commodities and services must be based on the extensive utilization of economic methods with the simultaneous strengthening of centralized principles in managing the entire price-setting process. The role of consumers in the formulation of prices must be substantially enhanced; the practice of setting ceiling and contractual prices must be broadened; stability must be combined with flexibility; a price-setting procedure must be established, such as drastically to reduce the share of prices set on a centralized basis and to set prices along with the formulation of the state plan.

A uniform nationwide price control system must be created. A trend toward price increases must be stopped by promoting competition among enterprises and eliminating scarcity and any kind of monopoly status and pressure on the producer on the part of the consumer who, under self-financing conditions, is forced to limit the expenditure of funds he has earned.

The Financial-Credit Mechanism

The CPSU Central Committee considers that a radical restructuring of the financial-credit system is necessary in order to ensure the successful conversion to the new economic management conditions.

1. Finances and credit must become one of the most important instruments for making commodity-monetary relations part of the mechanism of planned economic management and increased economic efficiency.

In order for the new economic mechanism to be functional, the financial situation must be improved from the very start. To this effect a special program must be drafted for improving national economic finances and making monetary circulation consistent with the turnover of material resources. Outlays of funds in industry must be based on earned funds and correlated with the efficiency of the steps which are taken.

2. The 5-year financial plans must become an intrinsic part of the state plans for economic and social development.

Relations between the budget and the enterprises must be standardized; the free circulation of funds must be reduced maximally and all opportunities for earning an income without the marketing of goods must be blocked.

The stability of the revenue part of the state budget must be enhanced. The payments made by enterprises for the resources they use must become the basic source of budget revenue from socialist enterprises.

3. The USSR Ministry of Finance and its local agencies must firmly convert to the execution of an essentially new financial policy based on combining the interests of the state with those of the enterprise. Effective control through the ruble must be established for the sake of efficient economic management. The fiscal-redistribution activities of financial authorities, petty supervision, detailed regulations and dependency must be eliminated. A set of steps must be taken to ensure financial-credit control of cooperative and individual labor activity and the taxation of population income must be streamlined. The work style, ways and means must be made consistent with the new economic management conditions.

4. The system for financing the activities of budget-supported organizations must be changed and based on long-term firm economic standards and financial norms directed toward end results of activities. More extensive use must be made of methods for economic stimulation of work quality and efficient utilization of appropriations. Budget-supported organizations, which have reached stipulated indicators in their work, must be granted the right to use the funds they have saved to meet their social and production needs. The practice of appropriating their funds and reducing by the same amount allocations for the next planning period must be terminated.

5. Radical changes must be made in controlling credits: the basic crediting principles must be restored; a distinction must be made between budget and credit resources, the emission of currency for purposes of crediting must be eliminated and credit must become an instrument in strengthening the Soviet ruble.

The creation of specialized banks in accordance with the features of the national economic complexes and the fuller satisfaction of the needs of the population for credit-account servicing is deemed expedient. The crediting system must be converted into a highly skilled, reliable and interested partner of enterprises and organizations.

The USSR State Bank must become in fact the main bank of the country and the organizer and coordinator of all credit and account settling within the national economy. Its role as the single emission and cash center must be enhanced. The USSR Gosbank must assume the obligation of making clear distinction among credit resources based on their source and area of utilization and the coordination of activities of specialized banks. It would be expedient to reduce free budget financing of capital construction and increase long-term loans for such purposes. The activities of the banking system must be converted to the principles of full cost accounting and self-financing.

6. The organization of insurance and savings in the country must be raised to a qualitatively new standard. To this effect the state insurance authorities must master the principles of full cost accounting and self-financing. They must introduce new types of insurance, upgrade its efficiency and flexibility, and broaden the variety and improve the quality of services offered to the population by savings banks and insurance agencies.

7. The influence of the financial-credit mechanism on upgrading efficiency and expanding foreign economic relations must be intensified. The development of monetary-financial and trade-economic relations must be mutually profitable. The finance-crediting mechanism must develop economic conditions for improving the structure of exports and imports, expanding production cooperation on the basis of recovery of foreign exchange and self-financing and the implementation of an active policy of customs tariffs. Particular attention must be paid to upgrading the purchasing power of the ruble and to gradually ensuring of its convertibility, above all within CEMA.

III. Reforming Organizational Management Structures

The current management structure and methods are characterized by a cumbersome and steadily growing apparatus which tries to manage the economy not on the basis of economic interests but of detailed daily orders and petty supervision, as a result of which the management system is becoming increasingly inefficient.

The CPSU Central Committee deems necessary the reforming of all organizational structures in the economy, from basic units to sectors, regions and the entire national economy.

1. The establishment and development of organizational structures within the basic unit--the enterprise (association) must be ensured; in this area tight departmental and parochial barriers which are restraining the processes of production socialization, concentration, specialization and combination must be lifted; a variety of integration processes, particularly on the horizontal level, must be developed in the economy.

The conversion of enterprises to full cost accounting and self-financing must be combined with granting them rights to establish joint production facilities, to unite and even to merge, should this be dictated by the interests of cooperation and technological relations and efficient manufacturing of finished products.

The line to be followed must allow in the future the union management authorities to have jurisdiction over several thousand large scientific-production, sectorial, intersectorial and territorial-sectorial associations which can independently cover the entire "scientific research and development-investment-production-marketing-servicing" cycle.

Medium-sized and small enterprises, including cooperatives, oriented toward the local market, must be under the jurisdiction of republic and local management authorities.

This work must proceed from the need for the creation of organizational conditions for economic competition among enterprises (associations) and prevention of monopoly status by producers and the diktat of producers over consumers.

2. The ministries must become the scientific-technical and planning-economic headquarters of their sector.

In order radically to improve the activities of ministries they must be relieved from the functions of daily enterprise management. They must be responsible to the country for meeting the needs for output by their sector, prevent disproportions, and ensure the reaching of world standards in production technology and quality of output by organizing the drafting and implementation of general sectorial scientific and technical programs. Their task is to work efficiently for the intensification of specialization and cooperation and for perfecting production organization and structure. It is important to enhance the activeness of ministries in foreign economic activities and in the training, retraining and upgrading the skill of cadres.

The new tasks and functions of the ministries will require refinements in their structure, reductions and simplifications of their apparatus and strengthening their scientific and technical and planning-economic subdivisions and eliminating that segment of the apparatus engaged in daily economic functions. The personnel of the apparatus must master economic management methods and apply a democratic style and increased openness in their work.

The activities of the permanent agencies of the USSR Council of Ministers must be improved and subordinated to the tasks of the radical reform in economic management. The course of converting the permanent government agencies into viable organizations responsible for the development of their complexes must be continued. Their work must be focused on the solution of intersectorial scientific and technical problems, the development of intersectorial cooperation and the strengthening of the export base and of international scientific and technical cooperation.

4. Decisive steps must be taken to reduce and streamline the activities of control apparatus which must be subordinated to the general interests of the state and the nation. People's control must become an efficient means of identifying imminent problems and one of the most important means of involving the masses in the process of governing the affairs of the state and society.

A unified control system must be set up on the basis of the USSR People's Control Committee, with broad rights covering the entire territory of the country, conducting its activities comprehensively, from nationwide positions, and relying on maximal openness in its work.

5. Statistical work must be radically restructured. A sharp turn must be made in its work toward quality indicators. More information must be provided on problems of regional and social development and a variety of selective studies must be conducted. Statistics must be used as an important instrument of openness, socioeconomic analysis and increased competence in the solution of economic and social problems. The efficiency and accuracy of statistical information must be increased; accountability must be reduced and simplified and the struggle against whitewashing and figure padding must be intensified. The range of published statistical materials must be expanded.

IV. Ensuring the Optimal Combination of Sectorial with Territorial Economic Management

1. The CPSU Central Committee deems necessary, with a view to the comprehensive development of production forces, to strengthen the territorial aspect in planning and to enhance the comprehensiveness of the plans for economic and social development of union and autonomous republics, krais, oblasts and big cities.

Territorial development must be based on the idea of a general plan for the development and location of production forces over the 15-year period. The activities of all enterprises and organizations located on the respective territories must be taken into consideration in the formulation of the regional plans for economic and social development, regardless of their departmental affiliation. The plans must particularly concentrate on the development of the production and social infrastructure and intersectorial production facilities needed for the comprehensive development of the territory.

Ceilings on capital investments and construction projects which are needed for the development of the republic economy must be set for the republic as a whole. In new construction areas funds for the development of a regional production and social infrastructure and environmental protection must be appropriated for specific purposes. A system of economic benefits to enterprises located in promising areas must be introduced.

2. The responsibility of the councils of ministers of union republics for the comprehensive solution of economic and social problems on republic territory must be enhanced. To this effect, they must be assigned the following:

Management of all sociocultural construction and coordination of activities in this area of agencies, enterprises (associations) and organizations under union, union-republic and republic jurisdiction functioning on the republic's territory;

Meeting the needs of the population for food products through the maximal utilization of local possibilities and making full deliveries of food to the union and republic funds;

Coordination of enterprise activities for the production of consumer goods and the development of the service industry, elimination of their scarcity and assuming responsibility for the overall balancing of population solvent demand with the necessary amounts of commodities and services.

The interdependence between the amount of resources channeled into the social development of union republics and individual areas and the results of the economic activities of enterprises located on republic territory must be increased.

3. The drafting of republic and local budgets must be restructured on the basis of legal principles with a view to strengthening the economic base of the local soviets of people's deputies and union republics, and relating them to the results of the economic activities of all enterprises located on the respective territory.

To this effect, under the conditions of the new price system, it is necessary to consider making to the local budgets, on the basis of long-term stable economic standards, some of the payments owed for the use of manpower and labor resources and the full amount of fines levied for environmental pollution. Payments must be made to the local authorities from the estimated profit (income) of enterprises (associations) regardless of their departmental affiliation. The interest of soviets of people's deputies in increasing the production and sale to the population of consumer goods must be enhanced; they must be issued firm 5-year rates of withholding from taxes levied on the territory.

At the same time, the nature of the tasks of economic and social development of the individual regions to be solved by the local soviets of people's deputies out of their budgets must be substantially expanded; they must assume full jurisdiction over solving problems of financing the building of new enterprises under local administration and the development of the regional production and social infrastructure and other problems of regional significance. They must increase the building of roads of local significance and the production of local construction materials funded out of local budgets.

4. The organization of economic management in union republics must be restructured; the automatic duplication of the structure and composition of union or, respectively, republic management authorities must not be allowed.

The management of heavy industry and geological survey enterprises (associations) must be essentially concentrated in the hands of union management authorities while the management of enterprises working for the local market, in the those of republic and local management authorities.

In order to ensure the practical management of the national economy of krays and oblasts, it would be expedient for the executive committees of soviets of people's deputies to set up main production-economic administrations. The criteria in assessing enterprise activities by local party, soviet and economic authorities must be made consistent with the new economic mechanism.

V. Intensifying the Social Trend of Management

1. The CPSU Central Committee believes that the most important political, economic and social task is to enhance the role of the human factor. A powerful system of motivations and incentives must be developed, which will encourage all workers fruitfully to work for the general good. It is on this basis that the production process must be channeled into achieving a qualitatively new standard in the well-being of the people and the all-round development of every Soviet person.

2. The following is necessary in order to manage interests and with the help of interests, and to combine the material interests of the individual with those of the collective and society:

A systematic method must be followed of earning the funds needed by the labor collectives for wages and social development and ensuring the possibility of the full utilization of such funds. A comprehensive conversion is needed to a standardized formulation of wage funds of collectives, directly dependent on the end results of their activities;

The wage system must be restructured to meet the task of drastically upgrading its efficiency and quality and increasing the interest of the people in working with fewer personnel. Equalization must not be allowed. A substantiated differentiation in wages must be ensured, unrestricted by any limit;

A qualitatively new approach must be adopted to the organization of labor, to make it consistent with the requirements of scientific and technical progress and to ensure the wide use of its progressive forms;

Conditions must be created for the mass application of collective contracts.

Conversion to contracting by brigades, sections, shops and enterprises, including management and engineering and technical personnel in the cost accounting collectives, must be encouraged. As a rule, the contracting method must be based on a contract between the administration and the contracting collectives which will be assigned the necessary property and will have a wage fund based on fixed rates dependent on end labor results.

Intraplant planning and material and technical procurements must be reorganized and we must convert to consolidated standardization and introduce new forms of intraplant accountability.

3. Scientific social standards must be extensively applied in management. They must become the base of planning the development of the social sphere. The use of social standards in the development of new equipment and technology, designing, building new and reconstructing existing enterprises and production facilities, improving the organization and conditions for labor and implementing environmental protection measures must be considered mandatory.

4. A system must be developed for organizing the efficient employment of the population. Under the new economic management conditions we must radically improve the organization of the utilization of manpower and cadre selection, training, retraining and placement.

The activities of the USSR State Committee for Labor and Social Problems and its local authorities must be restructured to make possible the implementation of the national policy of employment; they must be assigned responsibility for ensuring full employment, placement, training and vocational guidance of released workers and unemployed able-bodied people and to meet the needs of enterprises for cadres.

A network of cost accounting centers (bureaus) for job placement and vocational guidance of the population must be established.

5. The CPSU Central Committee emphasizes that the implementation of an interrelated system of steps for the radical restructuring of management is indivisible from ensuring a balance between supply and demand for consumer goods and paid services. To this effect:

The accelerated development of the production of consumer goods and services and to subordinate it to population demand must be continued. Cooperative and individual labor activity must be comprehensively encouraged;

The deformation in the structure of population expenditures must be eliminated, above all on the basis of a significant acceleration in the development of paid services, particularly in the housing and communal economy, recreation, tourism, and cultural-consumer services;

The development of cooperative and individual housing construction must be accelerated. More active use must be made of population funds for its development, particularly in rural areas.

6. The management of the development and utilization of material and technical facilities of the sociocultural complex must be improved. Plans on all levels must contemplate the priority allocation of funds for the fastest possible solution of the housing problem, the improvement of human health and the satisfaction of cultural and spiritual needs. The role of enterprise funds in improving social living conditions of the working people must be substantially enhanced. Capital investments saved from the building of industrial projects must be channeled into the development of sociocultural material and technical facilities.

The private savings of kolkhoz members, workers and employees must be harnessed in financing the building of sociocultural projects, through loans guaranteed by kolkhozes, enterprises and local soviets of people's deputies.

The need to restructure the economic mechanism governing the functioning of the sociocultural complex--education, culture, health care, physical culture and sports--is urgent. Cost accounting forms of financing enterprises, organizations and establishments in this area, must be applied in close connection to end work results.

VI. Efficient Organization of Economic Management Restructuring

The CPSU Central Committee Plenum emphasizes that the most important prerequisite for the successful implementation of the radical reform in economic management is the efficient organization of the work and coordination in time. It is inadmissible for absence of reliable organizational support, sluggishness and lack of coordination to result, as was the case in the past, in a delay in and partial implementation of the radical reform in economic management. Its steady and consistent implementation will be the most important task of party committees and organizations, soviets of people's deputies, economic management authorities, trade unions and the Komsomol.

1. By the end of 1987 thorough preparations must be completed for the enactment of the USSR Law on the State Enterprise (Association); in 1988-1989 its effect must be extended to all enterprises which must be converted to full cost accounting and self-financing.

The reorganization in planning, price setting, finances and credit, and material and technical procurements must be achieved in such a way that the 13th 5-year period can be started on the basis of the new economic mechanism. At the same time, the work of the central economic, sectorial and republic management organs must be restructured.

The formulation and implementation by 1990 of a program of steps aimed at normalizing the situation on the consumer market and substantially improving the balancing of supply and demand of commodities and paid services must be considered tasks of prime importance.

The 13th 5-Year Plan must be drafted on the basis of the requirements of the new management system and adopted before the beginning of the 5-year period.

2. The CPSU Central Committee particularly emphasizes the need to strengthen the legal foundations for restructuring the country's economic management.

All legal documents, including instructions issued by ministries and departments, which conflict with the Law on the State Enterprise (Association), and the new regulations in planning, price setting, finances and credit, material and technical procurements, and the management of labor and social processes must be reviewed and deleted.

The passing of new legislation must proceed from the fact that the enterprise is allowed to engage in any type of economic activity which is not forbidden by the law. As a rule, laws must be instruments of direct action and must directly apply to labor collectives, state and public authorities, officials and private citizens.

Strict legal procedures must be formulated for making economic decisions on the basis of the new legislation, excluding a possibility of voluntarism on all levels of the economic system.

Economic legislation must be systematized and codified; preparations for a union-wide law on the procedure for the formulation and utilization of

departmental regulations must be accelerated; steps must be taken to strengthen control over the consistency between the legislation and legal departmental regulations.

3. Upgrading the economic knowledge of cadres and the skill to manage through economic methods under circumstances of democracy and extensive openness are mandatory prerequisites for successful management restructuring.

The study of the new economic management system and the explanation and tangible discussion of the system by all labor collectives and management authorities must be organized. The system of training, retraining and upgrading the skill of party, soviets, economic and trade union cadres must be restructured. Training must be based on the practical mastery of contemporary economic management methods. Steps must be formulated and implemented to strengthen material facilities for training and for equipping the training process with modern management equipment.

Extensive use must be made of the exchange of experience among managers on all levels; business clubs for enterprise directors must be organized. Training in economic VUZs and economic departments, and the economic training of specialists in all sectors of the national economy must be radically improved.

New textbooks and training aids in economics, above all for the study of the new economic management system, must be created in the immediate future for use by VUZs and within the system for upgrading the skill of and retraining cadres. Mass vocational training must be combined with training in economics and become part of the state system for upgrading skills and retraining.

4. The extensive development of democratic principles in society is a mandatory prerequisite for the successful implementation of the radical reform of economic management and for the efficient functioning of the new economic mechanism.

The activities of managements of economic and sociocultural construction authorities must take place under conditions of openness and extensive involvement of the public in the formulation of the most important decisions.

Large-scale scientific and technical, economic, social and ecological problems and plans for their solution must be submitted to nationwide discussion. The population must extensively discuss problems of socioeconomic development which affects the interests of republics, krays, oblasts, okrugs, cities and rayons; systematic population surveys on the most important socioeconomic problems must be conducted.

Conditions must be created for the participation of the public in the discussion of draft plans, budgets, laws and decrees on most important problems of socioeconomic life. Extensive information must be made available on decisions made by the government and the individual departments and local authorities and on the course of the implementation of plans and decisions. The publication of statistical information on the socioeconomic development of the country, union and autonomous republics, regions, krays, oblasts, okrugs, cities and rayons must be increased.

The administrative personnel must regularly report to soviets of people's deputies, labor collectives, social organizations and the population, including through articles in the press, press conferences and other forms of communicating with the working people and their representatives.

The radical restructuring of the country's economic management is a truly revolutionary process. Economics today is the assault front of restructuring. Radical changes in its management have become an irreversible necessity. The main purpose of management restructuring is to provide a new impetus to the socioeconomic progress of Soviet society.

On behalf of the entire Communist Party, the CPSU Central Committee Plenum calls upon the working people of the Soviet Union--workers, kolkhoz members and intelligentsia--to support the strategic course charted by the CPSU for a radical reform of economic management and actively to involve themselves in its implementation, to master economic management methods and to learn how to live and work creatively under the conditions of full cost accounting, self-financing, democratization, self-government and extensive openness.

It is only by advancing in this way daringly and steadily that we shall be able to achieve a qualitative improvement in the life of all Soviet people, the true renovation of socialism and the strengthening of the reputation and authority of our land of the soviets--the homeland of the Great October Revolution.

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CPSU CENTRAL COMMITTEE DECREE ON SERIOUS SHORTCOMINGS IN THE WORK OF THE TASHKENT OBLAST PARTY ORGANIZATION ON ADMITTANCE TO THE PARTY AND STRENGTHENING PARTY RANKS

Moscow KOMMUNIST in Russian No 10, Jul 87 (signed to press 29 Jun 87) pp 73-76

[Text] A decree passed by the CPSU Central Committee notes that the Tashkent Obkom, Uzbek Communist Party, guided by the stipulations of the 27th CPSU Congress and the January 1987 Central Committee Plenum, has done some work on restructuring the activities of party committees and primary party organizations and surmounting major violations and abuses committed in the past, and asserting an atmosphere of openness, criticism and self-criticism and a responsible attitude toward the matter.

Nonetheless, the steps which are being taken are halfway, insufficiently systematic and inconsistent with the difficulties and gravity of the problems which have accumulated. They are not having the proper impact on improving the moral climate and enhancing the efficient economic and social development of the oblast. In 1986 one-third of industrial enterprises failed to cope with assignments on production marketing and procurements; 20 percent did not meet their assignments for the growth of labor productivity. This year most of the collectives working with state inspection are failing to meet contractual obligations. Assignments for the completion of industrial capacities, housing, preschool institutions, hospitals and polyclinics are not being met. The agrarian sector is developing unsatisfactorily. Fruit and cotton yields are on the level of the beginning of the 1970s.

In its practical work the party obkom does not take into consideration that many of the shortcomings in the oblast and distortions in cadre policy were committed mainly because the party organizations were unable to uphold their principled positions. This is directly related to distortions in the practice of shaping the party ranks and the worsening of their quality. For a long time here, as in the republic as a whole, a policy of accelerated admission to the party was pursued indiscriminately. The party organizations seeded their ranks with insufficiently mature, unstable and even alien elements. In addition to honest party members, profoundly loyal to the party cause, who are in the majority, the party organizations eventually included many people corrupted by a private ownership mentality, dedicated to careerism, susceptible to flattery and gifts, and drunks.

Many party organizations have actually lost control over administrative activities and the work of the apparatus, and have distanced themselves from the selection and upbringing of cadres. In some collectives, even those which are always cited as model in the oblast, such as the Politotdel Kolkhoz, the Sovkhoz imeni Akhunbabayev, the Tashavtomatika Plant and Shoe Manufacturing Factory No One, an atmosphere of permissiveness and mutual insurance has been developed, which has led to abuses of power and the degradation of leading personnel.

The party obkom, gorkoms and raykoms did not fully realize the dangerous consequences of their haste and lack of discrimination in shaping the party ranks and are currently functioning in this area largely as in the past. Virtually no one is refused admission as candidate party member by the Tashkent, Almalyk and Yangiyul city and Akkurganskiy, Pskentskiy, Kommunisticheskiy rayon party organizations, although subsequently some such candidates are either dropped or expelled from the party.

The selection of new members is being done regardless of the real need for party forces and available facilities for the development and the degree of preparedness of the new members. Frequently party ranks are formed by people who have not undergone major labor and practical training. The admission of employees "considered for promotion" has become widespread, so that party members may be found in any, even minor, leading positions. This encourages careeristic aspirations. The multinational structure of the oblast's population is not taken sufficiently into consideration in the selection of new CPSU members; proper attention is not being paid to the admission of frontranking working people from non-native ethnic groups.

No system for work with candidate party members and for their ideological and political training exists.

The situation in this area of party work is the result of a serious underestimating of the situation by the oblast party organization and its leading authorities. Many first secretaries of party committees have no clear idea of how to organize the shaping of party ranks. They do not study this problem and therefore do not instruct in it the aktiv. The party commissions of gorkoms and raykoms and mass information media are insufficiently involved in the efforts to improve party organization membership.

The CPSU Central Committee has drawn the attention of the Tashkent Party Obkom and its buro and, personally, its first secretary Comrade T.A. Alimov to the need to eliminate more firmly negligence in admission to the CPSU, to strengthen the oblast party organization and to correct severe distortions in this matter. It has condemned the established practice of rigid mechanical regulation of membership selection and the establishment of control assignments by gorkoms, raykoms and primary party organizations, which lead to the artificial widening of the party stratum.

All work related to giving priority status in party membership to workers and reinforcing the party with the best kolkhoz members and intellectuals and the upbringing of young party members must be strictly consistent with the stipulations of the 27th CPSU Congress and programmatic and statutory

requirements, based on the Leninist principles of CPSU membership. Admission to the party must be an efficient means of ideological and organizational strengthening of the party organizations and the strengthening of their influence on restructuring and the renovation of all aspects of economic and social life.

The party obkom, gorkoms and raykoms must practically ensure radical improvements in the quality of party reinforcements and upgrade the responsibility of the primary organizations for in this matter. The CPSU Central Committee deems particularly important the observance of the individual approach at all stages of selection of candidates for party membership and the profound and comprehensive study of the political, practical and moral qualities of those who have expressed the desire to link their fate to that of the party ideologically and organizationally. Concern for the purity of party ranks and protecting them from careerists and from people without firm ideological and moral foundations is the prime duty and most important obligation of each primary party organization and individual CPSU member. Prime attention must be paid to creating a properly laid foundation for growth. Requests for admission of candidate members to party groups and shop party organizations must be discussed in advance. Labor collectives must be informed ahead of time of such discussions. The discussions must be conducted with the active participation of all members of a given party organization and nonparty comrades who are well acquainted with the candidates. Efforts to relate admission to the party to promotion candidacy must be blocked and nonparty workers must be more daringly promoted to leading positions.

CPSU members must be strictly taken to task for unconscientious and formal attitude toward giving recommendations; in considering the personal files of the candidates, the question of the responsibility of the sponsors must be discussed. Greater exigency must be displayed toward Komsomol committees for the quality of those recommended for party membership. Each party organization must give the young party members specific assignments of a production and social nature, and teach them how to put to practical use statutory rights and obligations, and regularly hear reports submitted by candidate party members on their training period.

Steps must be taken to improve the training of CPSU members and candidate members in the foundations of party building.

The party gorkoms and raykoms must adopt a stricter approach to the approval of admissions to the CPSU. Party committee plenums and buros must systematically consider reports submitted by the party organizations on their work with young reinforcements. The activities of party commissions must be directed toward the on-site study of problems of admission to the party and the personal files of party members.

The ideological and moral upbringing of the party members, the young reinforcements above all, must be a subject of special concern of the party committees and primary party organizations in the oblast. Priority in this work must be given to developing in CPSU members and candidate members communist convictions and an active stance in the implementation of the party

line, high moral qualities and feelings of socialist internationalism and Soviet patriotism. Persistent work must be done for the vanguard role of the party members to be manifested in specific actions and practical affairs and the impeccable implementation of their social duty.

The CPSU Central Committee mandates to the oblast obkom and party gorkoms and raykoms to engage in more active work on improving the party organizations and firmly purging from them corrupt and careeristic elements, and anyone who has sneaked into the party in the hope of extracting benefits from his party card. They must discuss more extensively at open party meetings reports submitted by party members, above all those against whom serious complaints have been filed, and the approval of character references and, if necessary, solve the problem of their party membership. More active use must be made of talks and other forms of individual work. Individuals who have been expelled for bribery, theft or account padding must be neither rehabilitated nor readmitted.

The Uzbek mass information media, the editors of central and local party newspapers and journals and the USSR Gosteleradio must improve their coverage of topical problems of the theory and practice of party building and, particularly, party membership and the work of the party organizations on the selection of candidates for CPSU membership and their upbringing. The journal PARTIYNAYA ZHIZN must organize a corresponding training course for young party members.

The Uzbek Communist Party Central Committee must provide efficient help to the Tashkent Oblast party organization in eliminating said shortcomings and draw proper conclusions on restructuring the entire work related to admission in the CPSU and strengthening of party ranks in the republic. The implementation of the critical remarks expressed at the 27th CPSU Congress and the January 1987 Central Committee Plenum concerning the republic party organization must be acted upon more energetically and consistently.

The CPSU Central Committee has recommended to the central committees of communist parties of union republics and party kraykoms and obkoms to enhance the level of guidance of all work related to shaping party reinforcements at the new stage of CPSU life and activities and of the development of Soviet society.

That which is occurring today in the Leninist Party will determine its present and its future. The attitude of the person toward restructuring, openness, criticism and self-criticism, the intensification of democracy and the practical participation in their implementation must be the most important criterion for party membership. A feeling of special pride in joining the tried detachment of party members, who are marching in the vanguard of revolutionary social change, must be developed in today's party reinforcements.

The practice of selection for CPSU membership and for strengthening the party's composition must be comprehensively improved. Priority in admission to the party must be given to frontranking workers. The accelerated admission to the party, practiced by many party organizations, and the tendency to show

lesser concern for upgrading the party's influence to increasing the number of party members must be considered inadmissible.

The CPSU Central Committee has expressed its concern that of late many party committees have considered the personal files of managers who are party members over the heads of the primary party units and not even informing them of imposed penalties. Tireless control must be organized over the observance of the statutory requirement that the party member is responsible for his actions above all to the primary party organization.

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IMPLEMENTATION OF IDEAS; BASED ON MATERIALS OF THE ROUNDTABLE MEETING AT THE ADAZHI KOLKHOZ-AGROFIRM

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[Continued from No 9, 1987]

[Text] [Editorial note] So, this is the first year of work under the new conditions for four Latvian farms, under a new status--the agrofirm. How successful have they been? Naturally, it is premature to sum up their results. In the course of the roundtable discussions, however, it became quite clear that they could have been more successful. In the course of the discussion, one of the Adazhi specialists noted that occasionally the work is focused "not on restructuring with acceleration but on surmounting obstacles." There has been hurrying and waiting and hurrying again.... But why the waiting?

Test of Independence

Unquestionably, it would be useful and fair to mention the "labor biography" of the two other farms--the Sovkhoz imeni XXV Syezda KPSS and the Krasnyy Oktyabr Kolkhoz, whose representatives participated in the roundtable meeting. Unfortunately, space limitations prevent this. Let us merely emphasize that the agrofirms were created here precisely because one could rely on these farms. They have strong cadres and a strong economy and show a sincere and real attention for the individuals. They have the same approaches to problems as Adazhi.

Unlike Adazhi, however, they were forced to "include" other enterprises, by no means all of them successful. A strong cheese-making plant was added to the Krasnyy Oktyabr Kolkhoz, which is quite distant (on the local scale) from Riga, near the city of Preyli; however, it also had to take over the starch manufacturing plant, the history of which most people have forgotten (in any case no one can remember any retuning and reconstruction of this plant), and a flax manufacturing plant which only this year got around to processing the 1983 harvest. The Sovkhoz imeni XXV Syezda KPSS merged with enterprises of its rayon center, Yekabpils, a meat combine, and a dairy and a canning plant, whose capacity, on the one hand, and the need for commodity processing, on the other, have long stopped being consistent. The first thing the sovkhos did was to send its construction workers (which have a very strong organization)

and to invest half-a-million rubles, somehow to prop up the base of industry and reduce the gravity of the social problems which had accumulated.

Hardly anyone would doubt the extent to which this was necessary and important. However, did everything go smoothly?

From the address by L. Skosta, general director of the Agrofirma imeni XXV Syezda KPSS, LaSSR Supreme Soviet deputy:

Allow me to quote one item of our regulation, which was approved by the Latvian Council of Ministers:

"The agrofirma will submit bookkeeping and statistical reports within the procedure stipulated for agricultural enterprises and, in terms of industrial output, as stipulated in the plan for economic and social development, in accordance with the procedures stipulated for industrial enterprises." The result is that for some things we follow the old methods and in others, the new....

With this merger, we had to undertake a great deal of new projects all at once in order to solve the rather difficult situation of commodity processing. We were able to do so. These were very hard times but now we already know and see how to work and what we must do. The next project is to update the meat combine, the technological equipment of which had become physically and morally obsolete; a new dairy combine must be built. We are planning to complete construction projects worth 5.2 million rubles by 1990. The agrofirma will independently create and organize joint production, procurement, planning-design, construction and transportation services and laboratories needed for normal operations (I am not referring here to social projects, for they are self-evident).

In short, we have an idea of the way we shall work in producing and processing commodities. However, there is yet a third aspect--marketing. According to instructions in this area there is little we can do: as a state enterprise we are actually prohibited from selling unplanned commodities. That applies to even the 30 percent stipulated in the decree (other than unprocessed vegetables); if they are processed, we are prohibited from selling them.

Our farm is one of the largest in the Baltic area (with a total area of 22,000 hectares). The annual volume of commodity marketing, with the creation of the agrofirma, will reach 70 million rubles and, in the future (by 1995) should reach 110 million....

Question: Was the question of marketing submitted to the controlling authorities?

It was. But then, as we know, 25 to 30 various types of coordination are needed. In this sense nothing has changed. Yet until the problem of marketing has been solved we cannot seriously speak of production quality, for the two are interrelated. For example, if we produce the same goods as Adazhi, the farm which has produced better quality items should market them more easily and at better prices. This would be felt by the people directly

involved in the cultivation and processing of such products and their interest in the work would increase. Naturally, the consumer as well would benefit.... For the time being, however, we live with the feeling that our hands are tied.

The existing procedure for setting prices and rates is hindering the production of new commodities. Our agricultural and industrial subdivisions, as I pointed out, must submit different reports (we have 10 structural subdivisions). Payments to the budget are also different: agricultural enterprises make their payments annually while industrial enterprises, monthly. We are unable to offer equal wages to fitters of the same grade employed in agriculture and at the processing enterprise; however, if within a single agrofirma the labor of workers practicing the same skill is paid differently nothing good can come of it. We speak of self-financing, but if the meat combine would show a profit, let us say, of 2 million rubles, it should pay to the budget 1.8 million, and apportion the remainder among rebuilding, capital investments and material incentive. Last year, between August and December, we gave the processing enterprises 60,000 rubles out of the agricultural incentive fund.

From the address by P. Zukulis, first deputy general director of the Krasnyy Oktyabr Agrofirma:

I can only agree with what our colleague said. One frequently wonders who works for whom? Why is it that anyone who "issues" something and who checks on something feels himself more worthy and superior compared to us, who are the producers? I personally, for example, am not against standards, on all levels we must struggle for production quality, whether as directors, workers or members of Gosstandart. But then comes to us a girl from that organization. She is not interested in production technology, being unfamiliar with it. She looks at the record book and starts asking questions. The sales entries deal with goods sold last year around the country or to Poland, Hungary and Czechoslovakia and we have never had a complaint. But if she finds in that book a digit out of place she can disallow 10,000 rubles' worth of goods. It is not even a matter of money, bonuses, and so on but it is a shock to the people. Who cares that we are familiar with the technology, we check, we have skilled testers! Here comes a girl from Gosstandart and shows us who she is and who we are....

Is independence relative? This question was frequently heard in the course of the roundtable discussions. The people invest in it their own meaning based, unfortunately, on their own experience. It is not simply a question of office hustle or someone's incompetence. It is a question of the main thing: the right to make decisions.

The practical workers themselves consider the new agrofirma not a mechanical combination of various components (as it appears in a number of decisions and instructions) but as a single organism which, naturally, is not perfect in everything but which can prove its viability and is proving it. Everything is aimed at advancing, at finding new solutions and suggesting more reasonable alternatives in major and minor matters. For example, if there is a scarcity of onions, garlic, or tomatoes needed for the production of canned goods, the huge Agrofirma imeni XXV Syezda KPSS will rapidly organize their production on

the basis of family contracting. If a plant is being retooled at Krasnyy Oktyabr, the local specialists, unawed by the prestige of purchased imported equipment, and thoroughly familiar with it, can prove that it does not meet the requirements and make the representatives of the firm to change the equipment. Under most sterile conditions Adazhi is growing improved potato plants, which are triple-tested by laboratory technicians and which, in the final account, will be planted in other farms....

Painstaking and largely new positive work is taking place. However, the collectives as a whole and their managers do not always feel a response and support of their initiatives, and in as much as there is a response, it is frequently negative.

Why, the participants in the roundtable discussion asked, is it that the first reaction of superior organizations is to prohibit instead of to allow something? Why is it that frequently suggestions received from the local areas are considered detrimental rather than useful to the common cause? Adazhi suggested that some of the private funds of kolkhoz members be used for the development of the agrofirm. This was approved by the kolkhoz members themselves. Why is it forbidden? As I. Muzykants, manager of the respective microstructure, noted in his address, here the future of the organization of trade is related to firm-owned stores. Stocking such stores with above-plan goods alone is insufficient, for the plans are stressed. The suggestion was made of allocating a certain percentage (by analogy with the production of vegetables and fruits) of the entire volume of agricultural commodities, which the agrofirm would have the right to sell through its stores and which will be included in the state procurement plan. It is not a question of prices, for if it is state produce, the price will be that of the state price. What will the response be?

Obviously, it would be difficult to expect any change without changing anything or, rather, the expectation would be vain. We know that there are those who rely precisely on this: wait it out and, at worse, do things halfway. Let others "accelerate," while they wait. However, this greatly increases the danger of teaching others how not to display initiative.

The emotional tone of the speech by Adazhi Chairman A. Kauls, who chaired the roundtable meeting, is understandable.

If we are the owners, he said, then give us the opportunity to be the owners to the end, not only in words and not only in various rostrums, but in fact. We are now drafting two plans: the internal farm plan, which borders on risk, and which can be fulfilled only with stressed work, and a plan which will be submitted to the superior authorities. We are motivated in this by the existing system for planning and socialist competition, in which the main rating depends on the extent to which the plan was overfulfilled and on increase in output. Who needs this? Why are we lying to ourselves? Why plan without substance and then blame subordinates? In the case of our generation, this is the our last Food Program. We must carry it out or leave the stage.

If we must take a risk, we must follow to its completion the idea of creating conditions for trust. Both managers and specialists will then become involved

and results will be successful! But this cannot happen under conditions when some 30 controllers are supervising the collective. If you have entrusted us with the land and people, trust us with petty matters as well. But look at the new system of accountability. Look at motor vehicle travel vouchers. They denigrate the dignity of man! It is no accident that the people have become passive and inert, and also frequently irresponsible, for we are not trusting them....

Unquestionably, there must be control. However, this must be done not for the sake of displaying the power of controllers but control which will help us to organize matters better, with reciprocal trust, at which point the end results will be entirely different.

Structure of the Economic Mechanism

One of the tasks in the creation of agrofirms was, as we pointed out, to perfect and test in practice the work of the economic mechanism under the conditions of multiple production facilities. How is this task being implemented? It is interesting in this connection to quote the views of economists who participated in the roundtable meeting.

From the address by Ya. Aboltin, candidate of economic sciences and head of the economic microstructure at the Adazhi Agrofirm:

In addition to self-financing, cost accounting also demands the freedom to make management decisions in choosing the most efficient production variant. This applies, above all, to planning problems. Although the CPSU Central Committee and USSR Council of Ministers decree (No 358) earmarked a conversion to the use of economic management methods (prices, taxation, etc.), the economic diktat continues to operate concerning the nature and volume of output. We continue to be issued a plan in physical terms. The result is that specialization frequently becomes obstructed.

In our view, we must more daringly apply the experience of the socialist countries in agricultural production management through prices. If we wish to retain state control over the production of a given commodity, it would be efficient here as well to do so via prices. This is confirmed, for example, by the Czechoslovak experience (the highest price is paid when the contract is fulfilled 98 to 102 percent). It is thus that the quarterly deliveries of milk and meat can be met. There must be winter and summer prices. It is only the free choice of the most economical solution that will enable us truly to specialize.

Whenever we make any decision in the future it will be very important to base it on a firm theoretical foundation. In the economic mechanism this applies primarily to the categories of political economy. We have finally acknowledged the role and place of profit in the development of the socialist economy. At the time that the decree I mentioned was being promulgated, a decree which is now governing us, this had not taken place. It was stipulated that plans for purchases and payments to the budget will be based on standards, on the evaluation of the land and the availability of capital assets and manpower. Instructions were issued on computing the rates of

payments to the budget. Such rates are based on nine indicators (which have little in common with categories in political economy). The instructions ended with the note that the republic's Gosagroprom, furthermore, will compute for each farm a correction coefficient in determining the total amount. The "rate" became one more mathematical expression of departmental diktat. The new form was used to conceal the old content. For that reason, let us go back to profits and profit taxation. This is simpler, easier to understand and more equitable.

More on the question of logic, of common sense in planning. Today we are allowed to compute the wage fund only for agricultural output. The agrofirma is also engaged in processing, which is expanding. However, we are forced "to ignore it" in our computations, which once again leads to conflicts and arguments....

Let me say a few words on statistical accounting. In accordance with the orders of the USSR Gosagroprom and the USSR Central Statistical Administration on streamlining statistical accountability, our farm must submit 385 different forms, including 103 in the "agriculture" section alone (interjection by L. Skosta: "We have as many as 500"). Even realizing the entire significance of the efficient use of fuels and lubricants (no one controls or issues such stocks to us), it is hardly possible to consider justified the existence of two quarterly reports, one 15-day and one quarterly appendix to them, in which all material resources are measured in their own units--kilograms, quintals and liters. Together with the corresponding conversion coefficients, they give us plenty of work! Such demands are further complicated by the entire bookkeeping system which today includes 100 different accounts with up to 6-8 subaccounts for each. As to conversion to total cost accounting and thinking of the 169 subdivisions, I can fully understand the just indignation of our bookkeepers when all of this must be tied together.

In cost accounting the upper level of management, we believe, should be interested in no more than three or four indicators: volume of output, marketing and profits (in order accurately to estimate taxes and supervise their payment).

From the statement by E. Kiyetis, senior economist, Adazhi Agrofirma:

Let me emphasize three aspects: the first is determining production costs under conditions of full cost accounting. Today the producer of the end product finds it difficult to be guided by this indicator. With the current system of computations, a farm with a more widespread network of production services looks worse and it is difficult to determine the real link between output and profit. As a result, economic computations become inefficient.

The second aspect is computing labor productivity. The farms in our republic are still operating on the basis of gross output rather than gross income. What is the result of this under the conditions of full cost accounting? We would like for every production worker to save on materials. This is natural. If we compensate for this, the result is an increase in wages and not in output. This means that savings should be avoided, for it is wages that increase but not labor productivity. The correlation becomes distorted.

Question: Is it possible that this is relevant at a stage when we do not have perfected accounting and when there is confusion in economic plans? Such is the present situation. But if the production system and accountability are properly organized, would this not result in greater savings of material resources which would make this problem irrelevant in the future?

In my view, it is important to make everyone interested in thrift as of now. Yet the present formula essentially tells us not to do this. In principle, if we start claiming that as time goes on there will be nothing to conserve and economize, we eliminate the need for scientific and technical developments. Let us assume that today we use for something three buckets of some kind of liquid and that tomorrow a new technical solution appears which would require the use of only one bucketful. The existing mechanism hinders this approach. In my view, therefore, it is not merely a question lack of order.

The third aspect is the following: full cost accounting means greater accountability, for we want every manager and collective to know not only the size of the output but also the cost of this output, all production costs. The manager and the collective must be the masters. In order to achieve this they must have a great deal more economic information. Storehouse records, such as were kept in the 1920s, for example, will not do, for ties among subdivisions are more complex. Two possibilities exist here: we either drown in paper or acknowledge that agriculture as well needs computers. It needs not one mainframe computer for the entire farm but personal computers.

From the statement by A. Kalnynsh, member of the LaSSR Academy of Sciences:

Indeed, labor productivity in the agrofirma should be measured in terms of gross income rather than the cost of gross output. Only thus can we determine the correlation between the growth rates of productivity and wages. However, this is not all. If we consider internal cost accounting of brigades, shops, livestock farms and other subdivisions, the most acceptable choice here is the use of gross income as a base for shaping the overall wage fund (including all bonuses). This is the most complete form of collective contracting. The more we deliver (market) goods and the better their quality and the lower their material outlays and amortizations, the higher will be the gross income and so will the overall wage fund (with a predetermined rate in terms of percent of the gross income).

Actually, this category is essentially included in the draft Law on the State Enterprise (Association). For example, the cost accounting income of the collective is nothing other than the economic category of "gross income" currently used by kolkhozes. All of this has already been tested in the frontranking kolkhozes, both farming and fishing. We must simply say that all the positive aspects of the cooperatives should also be applied to the work of state enterprises.

Here is another relevant problem. So far, in comparing the efficiency of development of agroindustrial complexes among individual republics, oblasts and rayons, there is no official substantiated method. There is no universally acknowledged system for determining the production and resource potential. We need an objective assessment of natural and economic conditions

in order to compare them with end results. A comparison among the growth of finished products of the agroindustrial complex merely in terms of increases in a single production factor--basic production capital--would be erroneous.

New Dimensions of Old Problems

The most traditional and most aggravated discussion in the countryside is that of equipment, availability of spare parts, fertilizers and chemicals. In this sense Adazhi is no exception. Regardless of what topic was under discussion, no speaker could fail to mention material and technical procurements.

Actually, the situation in this case is not one of the best. Suffice it to say (we shall cite merely a few examples and figures which were mentioned by the speakers) that Adazhi receives 0.9 tires per motor vehicle per year, that alongside computers there are machine tools which are 20-30 or even 40 years old (the kolkhoz has no right to purchase new machine tools, for it is not a state enterprise), and that at the present rate of trading motor vehicles, the motor vehicle fleet could not be renovated before the year 2000. The volume of construction in the agrofirma is drastically increasing at present. This year alone it will cost 8 million rubles. Last year construction costs totaled 4.2 million rubles whereas only 110,000 rubles were allocated for materials and mechanisms. How do they solve the situation here? They produce their own construction materials. They themselves manufacture new machines and equipment (without preliminary requests one can acquire only unsold items and obsolete equipment). Where do they find the necessary metal? They use the metal allocated for repairs. But then what about repairs?...

This is a problem facing all farms. At the Krasnyy Oktyabr Agrofirma we visited a livestock farm where reconstruction was being completed; all that were needed were the stanchions for the cows. Therefore, metal was needed. "Had we been asked to produce milk," impassionately asked Sofya Stanislavovna Vyakse, deputy general director, "or else have we been accused of showing no profit? We have in our account 5 million rubles of available money and we are ready to pay for the stanchions, but who would sell them to us? Our zootechnician went to the rayon center to purchase something called an 'electric shepherd.' It turned out, however, that a kindergarten could purchase such an item but not a kolkhoz...."

All roundtable participants unanimously agreed that wholesale trade is the best method for solving such problems. The "rationing points" system which is currently applied is incompatible with the promotion of economic management methods. True cost accounting requires the guaranteed possibility of purchasing (regardless of price) that which the farm needs. The people want to work not only efficiently but also honestly, with a clear conscience. Managers and specialists cannot make independent and free optimal decisions if they are subjected to the diktat of the producer or are humiliated (by "deprivation" of funds or materials). The speakers emphasized that the experience of the Kuban Agrocombine, which is already working on the basis of wholesale trade, proves that references to scarcity of resources are not all that substantiated: guaranteed procurements are not increased while demand for resources is reduced. Therefore, it is important to convert faster from testing to extensive practice and systematically to promote wholesale trade.

These are some of the problems which are discussed today throughout the country, most urgently and on different levels. Practical steps for their gradual solution are already being defined.

However, it is also a question of how to work today. In restructuring their own work, the collectives of agrofirms feel particularly strongly the obstructing power of old problems which, under the new conditions, seem to acquire a new dimension. What concerns the people most is the quality of the equipment and materials they receive. Here are some statements on this subject.

L. Skosta, general director of the Agrofirm imeni XXV Syezda KPSS:

Today our demands concerning the quality of output are quite strict. We receive a new system for the dairy farm. We have the blueprints and instructions and all we have to do is assemble the line. It turns out, however, that the line must be totally redone, which takes 2 to 3 months. We received a new milk tank and it took our driver 2 months to virtually reassemble it. How can we demand quality work of people to whom such equipment is given? A great deal is being said today about state inspection. Apparently, however, it is not applied in the case of machines and equipment for the countryside. In any case, so far we have not felt the results.

Ya. Liberts, head of a construction brigade, Adazhi Agrofirm:

In my brigade, for more than 2 years we have not had a single violations of labor discipline. The people have a very good attitude toward their work and their responsibility has increased. We built a beautiful school of which we are very proud. After a while, however, the substandard quality of the materials which we had to use became apparent. It is quite insulting for one's work to be somehow nullified by others. I have worked in construction for quite some time and I must say that the quality of materials has not been improving but has been worsening with every passing year. Today it is impossible to find two bricks of the same size. Differences in their dimensions may be from 2 to 8-12 mm. We are using the same tools by our grandfathers used but theirs were of good quality. Gloves for stone masons are issued once a month but last no more than 2 days. Of late we have done a great deal of construction and, in my view, we have proved that we can work. We can only say that if only we had good equipment and materials and orderly deliveries....

I. Bukin, mechanizer:

The view is sometimes expressed that today the tractor driver is somewhat "alienating" himself from the equipment. This may be so, for we feel that the other parties are not helping us. The tractors which come from the plant are unfinished. Transmissions must be replaced every year. Discs break down. The plows are so heavy that they literally wreck the tractor. The attitude toward the equipment is affected by the equipment itself.

Under the new circumstances, V. Purinsh, head of the construction microstructure emphasized, obviously we must take a different look at the work

of the servicing organizations, the partners of the countryside, the design-engineering services in particular. The technical documentation we receive consists of sets of standard obsolete solutions. They are cumbersome, take a long time to carry out and cost a great deal.

Cost accounting relations highlight the fact that specialized services which, logically, should be developed, are still not yielding the benefits which they should, noted A. Bleyksh, head of the transportation and procurement microstructure. For example, for the time being Selkhoztekhnika is obviously not interested in the economic results of farm work and is working as it always has.

In developing and applying the new technologies, one feels particularly strongly the full need and importance of comprehensive mechanization, V. Dzelde, Adazhi chief engineer-mechanic, emphasized. For the time being the machine building industry is not supplying us with machine sets.

Remark by A. Kalnynsh: We must raise the question of organizing regional machine building for agriculture. This is quite relevant. The work of the grain combine produced by the Vortschritt Enterprise in the GDR was tested at the Adazhi Agrofirma. Its daily thrashing capacity is higher by a factor of 1.5-2.5 compared to that of the Niva and Yenisey models. Losses are substantially lower. They are imperceptible in harvesting grain crops with yields in excess of 40 quintals, clover and other perennial grasses. Fewer such combines are required, thus saving on fuel and wages.

Obviously, the most realistic and efficient variant in the development of regional machine building today could be the creation of a republic intersectorial scientific and technical complex in charge of designing, testing and manufacturing agricultural machinery. This would enable us to accelerate the manufacturing of scarce equipment and draw fewer resources away from the Gosagroprom for the creation of a repair-operational base directly at agricultural enterprises.

As was made apparent by the discussion, practical workers are particularly concerned by the fact that the features of the old style and old approaches are manifested in the very recent areas of activities. If it is necessary today to tolerate some old features, it is important not to perpetuate them.

From the statement Ya. Beynerts, head of Embryo Transplant Laboratory:

If we speak of restructuring, from the viewpoint of our problems we must above all firmly emphasize what is truly new and promising in choosing a technology and purchasing equipment. Although I may be dealing in what may be the latest developments, I know that the technology I use has already become obsolete and has been abandoned by many people, one of the reasons being economic considerations, which are important to us too. We keep rebuilding the equipment, thus perpetuating the lag.

We have tremendous scientific forces and entire institutes. It seems, however, that practice has outstripped science in many areas. So far, for example, there are no freezing systems produced in the country. What does

this mean in terms of practical work? This kolkhoz alone had 181 embryo transplants last year but was forced to reject about 200. We purchased such embryos at 1,500 rubles each. You can estimate how much has been lost due to the lack of a freezing system. I am raising this question because I am unwilling to waste this money.

From the statement U. Biders, manager of the computer center:

Is it expedient for each farm, in acquiring a computer, to begin everything from scratch, to develop a system of software, and so on? (Which is what is being done today). Our agrofirma could, I believe, become the developer in this area as well, on the same principle used today in the development of new technologies. This is not a meaningless question, for sooner or later it will face agriculture urgently and it would be better if we undertake its solution as of now.

From the statement by M. Forsts, head of the foreign relations and industrial auxiliary production facilities microstructure:

As we know, we have signed contracts for direct relations with the socialist countries. But as to how trade will take place remains unclear. If today we have the opportunity to trade goods with that same Czechoslovak Slusovice Cooperative, neither the representative of the Latvian Vneshtorg, nor the republic or even the union customs services know how this should take place (I know this, for I have discussed it with all of them). But does time wait for us? The same could be said about exports. The Adazhi Agrofirma could export six to 10 different types of items. We are not interested in earning foreign exchange as such. What matters to us is to be able to purchase the necessary equipment. Today the associations under the Ministry of Foreign Trade are unable to define their attitude toward such problems, for they have no permission to engage in such trade.

The representatives of the superior organizations, who attended the roundtable meeting, found themselves in a difficult situation. We knew, for example, that the managers of Rzhkiy Rayon had actively supported the idea of the agrofirma and that without their help, as we were told in Adazhi, this experiment would not have taken place. The republic's agroprom was directly involved in the creation of the agrofirma. What could they say today in answer to the questions asked by the practical workers?

I. Upmalis, chairman of the Riga RAPO:

For the time being, indeed we deal mostly with distribution and control. However, when planning will become streamlined and wholesale trade established, unquestionably the RAPO will be able to assume above all economic, management and scientific support functions. However, the agrofirma itself could become such an agency, for it has the necessary forces and possibilities for this and can solve problems of planning and financing on a suitable scientific and long-term basis. In any case, we believe, the rayon should have a single owner. Unfortunately, today it is still difficult to speak of this kind of work, based above all on democracy and autonomy: there are too many restraining factors as was mentioned here.

According to V. Bريس, chairman of the republic Gosagroprom, there are three basic problems which hinder the activities of agrofirms:

It is difficult to coordinate work principles with superior organizations, the Ministry of Finance, the Gosbank and the statistical agencies;

So far many control figures are still being issued in terms of production planning and marketing;

The work is hindered by a variety of instructions which have not been amended.

What can the republic Gosagroprom do in this connection? We discussed these problems, in V. Bريس' office. He summoned his specialists, examples were given, documents were looked at, confirming that the agroprom as well is limited in its possibilities.

Today we can do little, particularly when it comes to changing one system or another, Vilnis Gedertovich said. The most important thing is to grant rights to the lower levels, if not to us at least to the republic's ministry of finance and its state committee for labor, which should make decisions and deal with broad problems rather than with issuing prohibitions. Today these are essentially control authorities, as a result of which financial instruments are virtually inapplicable in the proper areas.

Essentially we perform the same functions as the RAPO (control and distribution). It is true that of late there has been some change, for greater attention is being paid to production cooperation and specialization and the application of new developments in economic problems although, I must say, frequently sectorial and economic affairs are considered separately. Today lack of coordination among services and bottlenecks has become more apparent. I believe that we shall be able to organize our mechanism and contribute to the development of the production process more efficiently.

Link in the Chain

The organizers of the roundtable meeting had invited to the Adazhi meeting USSR Minister Aleksandr Ivanovich Iyevlev, first deputy chairman of the USSR State Agroindustrial Committee. It so happened, however, that the time of the roundtable meeting virtually coincided with a trip to the Latvian Agrofirma of the heads of all republic Gosagroproms, headed by the minister. We had agreed that we shall inform him, back in Moscow, of the nature of the problems which were discussed and that the minister would express his viewpoint.

Here is what A.I. Iyevlev told the editors:

This is the second year that the enterprises within the agroindustrial complex are working under the new economic management conditions. The creation of agroindustrial combines and agrofirms was undertaken experimentally, in the course of seeking more efficient ways of organizing the production process, which would ensure the broad development of integration processes. Whereas the first agroindustrial combine was set up in Timashevskiy Rayon, Krasnodar Krai, the first four agrofirms were organized in Latvia.

Let us note that the new industrial units immediately drew the attention of the party and soviet authorities and the managers of kolkhozes, sovkhozes, agroindustrial associations and committees. Obviously, such an interest in agrofirms is due to the fact that this is the most efficient combination in the production of agricultural commodities and processing and taking them to the consumer; the application of new progressive technologies and the achievements of science and progressive experience is accelerated. Unquestionably, this is of prime importance in further production intensification. That is why the USSR Gosagroprom organized a visit to the Latvian agrofirms by the heads of republic agroindustrial committees.

What distinguishes the agrofirm from the agroindustrial combine? Let us point out that we do not pit one against the other. Both are successful structural units within the agroindustrial production system. Nonetheless, there are certain differences between them. The agroindustrial combine is a single production-economic complex created within the administrative rayon; it includes kolkhozes and sovkhozes, and processing, servicing, trade and other enterprises and organizations, all of which preserve their economic autonomy and the rights of juridical persons. As a rule, however, the agrofirms are set up on the basis of a head enterprise--kolkhoz or sovkhoz--which has reached a high level of production development; the processing and service enterprises and trade and other organizations it includes become structural (shop) subdivisions without the rights of juridical persons.

Some differences exist also in matters of management, planning, financing and material and technical procurements. The council elected by representatives of the enterprises and organizations within it is the supreme management authority of the agroindustrial combine. Its daily activities are managed by an administrative apparatus headed by the combine's general director. The management and the administrative apparatus of the head enterprise manage the agrofirm. Whereas the 5-year and annual plans for economic and social development of the combine stipulate the volumes of deliveries of basic commodities to the general-union and republic funds, the figures stipulated for the agrofirm are the volumes of purchasing of agricultural commodities and processed products. Individual agrofirms, such as Adazhi, also perform the functions of production systems.

The forms through which agrofirms influence the strengthening of the economy of kolkhozes, sovkhozes and other enterprises within the agroindustrial complex vary a great deal. To begin with, their very creation is aimed at the elimination of underprofitable or losing production facilities. By including in the agrofirms processing enterprises (as a rule economically and technologically backward), such enterprises are retooled, the organization of their production process and labor is improved and so are the economic indicators of their work. Second, as organizer of the production system for specific commodities, the agrofirm structures its relations with participants in the system, including those which are insufficiently profitable, on the basis of the principles of cost accounting, self-support, reciprocal interest and responsibility, based on economic contracts. As the organizational and technological center of the production system, the agrofirm assumes the obligation of ensuring the highly efficient work of all enterprises within it.

Adazhi, for example, heads a production system, particularly in terms of potato growing, and performs the most complex organizational-technological and production functions: it raises improved seeding stock for its partners, develops the production technology for potatoe seeds and for the market, and takes the latter from its partners and processes the potatoes at its own plant and markets finished potato products. By obtaining guaranteed yields and having a reliable consumer, each farm within the production system acquires the opportunity of obtaining additional income and improving its economic indicators.

As to the economically weak farms, which are not within the production system, the agrofirma could positively influence their upsurge and their economy by accepting from them for processing fruits, vegetables and other goods on the basis of contractual prices.

The question arises of the extent to which markups on purchase prices for underprofitable and losing kolkhozes and sovkhoses are justified. Such markups were established in accordance with the resolutions of the May 1982 CPSU Central Committee Plenum for farms operating under worse natural and economic conditions. To this day no unity of views or a unified opinion prevails among scientists and practical workers on this matter, which has its supporters and opponents. According to some economists, price markups are a thick screen concealing unskillful management. Such peremptory claims are by no means right. A system of significant differentiations among farms was practiced in the past. This was the result not only of the different levels of economic management but also of unequal production conditions. Some land is better than other. Some farms are located closer to industrial centers while others are somewhere in the boondocks. Substantial differences in asset availability exist. For the country at large it averages 55,700 rubles per 100 hectares of farmland. However, figures for individual farms range from under 10,000 to over 500,000. The use of supplements enables us to take objective farming conditions into consideration to some extent.

Although markups are not an impeccable system, in previous years they have played a major stimulating role. Most markups were channeled into the production of animal husbandry goods. We must point out that for the 5th year running the state plans for the purchasing of such commodities is being overfulfilled and that quite high production increases have been achieved, something which did not exist in the past.

However, errors are being made in many parts of the country in the practice of the use of such markups, which are established without sufficient consideration of natural and economic conditions and economic management situations. In such cases markups become payments for negligent work.

Markups could be abandoned in principle but in that case substantial corrections in price settings would be required. The purchase prices of commodities would then be set on the basis of the socially necessary outlays under worst production conditions. With such price-setting procedures no markups are needed but rental payments would have to be applied. As we can see, the price-setting system requires improvements, something which is being actively done today.

Unquestionably, we must continue to perfect the entire economic mechanism in the agroindustrial complex. Let me point out that in this area a great deal has already been accomplished in accordance with the CPSU Central Committee and USSR Council of Ministers March 1986 decree. Positive changes have taken place in planning. As we know, the plans for commodity output are now being formulated directly by kolkhozes, sovkhozes and other agricultural enterprises themselves, on the basis of the rate-resource method which takes into consideration the quality of the land, availability of basic and working capital and manpower, and other resources. The farms have also been given the right to set up their own wage fund based on rates which will remain stable for the 5-year period and which will take into consideration the faster growth of labor productivity compared with the growth of wages. They have been given the right to select the wage and bonus method they will use.

The kolkhozes and sovkhozes determine the area of investments and all indicators for the capital construction plan. They either draft or order the drafting of cost estimates for the technical retooling and reconstruction of industrial projects costing less than 500,000 rubles, and for the technical retooling of operating enterprises in the processing industry not exceeding 2.5 million rubles.

Whereas purchase, retail and wholesale prices are set by the government, other types of prices and rates are set with the direct participation of kolkhozes and sovkhozes. Such is the case, for example, of incentive prices for new varieties of comestible goods in demand by the population (juices, fruit-based beverages, etc.), which are sold through departmental stores. The same procedure is followed in setting clearing prices in interfarm cooperation, discounts and fees for services provided by service enterprises.

Kolkhozes and sovkhozes have been given the right to market as much as 30 percent of the planned volume of purchases of fruits, vegetables and potatoes and the entire above-plan output through the consumer cooperative and on the kolkhoz markets at negotiated prices, based on supply, demand and quality. They have the right to set prices on the basis of contractual relations with people who raise in their private plots cattle and poultry, and to purchase surplus milk, potatoes, fruits, berries and vegetables.

The farms have been granted many other rights in solving problems related to their production activities. At the same time, control figures are issued as guidelines in planning state orders for the production of basic commodities. This is a basic step in a planned socialist economy. As we know, the farm managers themselves do not oppose this principle in planning. They say as follows: "Give us an order for the production of a certain commodity and provide us with the greatest possible amount of material and technical resources. As to the rest, let the farms themselves determine how to do so, how to fulfill the order with the lowest possible material, labor and financial outlays."

However, since the question of restraining the autonomy, flexibility and maneuverability arises, it means that here there is a problem. Indeed, we are familiar with numerous cases in which the RAPO issue to the farms their structures for planted areas and assignments for the production of various

commodities, the amount of cattle to raise, instructions on agrotechnical operations, and so on. This is, so to say, a matter of local "creativity," to which a faster end must be put.

As to the Latvian agrofirms, they have been given even broader rights and opportunities compared to other farms. The republic was allowed to formulate and approve a regulation on the agrofirms, reflecting all the rights and obligations needed for their activities. The only thing to which we paid attention was not to allow changes in their relations with the state budget. If the agrofirms need further rights, we are prepared to consider their suggestions.

Now as to the question of what is really attainable on each level of management. This was quite clearly defined with the creation of the USSR Gosagroprom. The main tasks of this "upper echelon" management are promoting scientific and technical progress, formulating state orders for basic commodities and their substantiated spreading among various parts of the country in accordance with the most efficient utilization of the natural potential, ensuring the proportional and balanced development of sectors and regions, dealing with foreign economic activities and other strategic tasks.

As the primary management unit, RAPO's main task is to provide maximally favorable conditions for the highly productive activities of kolkhozes, sovkhoses and other enterprises and organizations. This means supplying them promptly with equipment, fertilizer and spare parts, providing the necessary information on new strains and help in applying new technologies and progressive forms of labor organization, and so on. Many farm managers are not satisfied with their present activities. In some RAPO the administrative apparatus failed to change their work style and methods and continued to administer. This is totally unsuitable. At this point, let me point out that the majority of members of RAPO councils are heads of kolkhozes and sovkhoses and that the extensive rights have been granted not to the apparatus but precisely to the council. Therefore, it is time for the members of the council to "curb" this apparatus and force it to work for the kolkhozes and sovkhoses.

As the discussion in Adazhi indicated, the urgent problem today is that of material and technical supplies and funded distribution of resources. We shall convert to wholesale trade in the immediate future. No other way is possible. The use of regulatory planning methods for material and technical procurements may be considered a stage in the conversion to wholesale trade. One example of this fact is promoting output based on intensive technologies. Today almost all the necessary equipment, fertilizers and other material resources are being allocated for such purposes.

Naturally, we urgently need the complete economic management mechanism. The creation of agrofirms and other units will unquestionably help us to develop it. Currently the USSR Gosagroprom is extensively working on such problems.

[Editorial note] The roundtable meeting at the Adazhi Agrofirm makes us consider once again the tremendous possibilities of the labor collective and the manner in which they are being utilized today. We see here a farm where

work on the level of world standards is the norm. Here the "economics of heroism" is pitted against scientific economics. From the area of pious wishes, help to the weak is shifted to real grounds, on which the partner is offered to work, on a modern basis, with the help of the latest technologies, in order to achieve a breakthrough.

In his visit to the Adazhi Agrofirma during his trip to the Baltic area, M.S. Gorbachev said to its aktiv: "The example set by kolkhozes such as yours allows today confidently to promote and support cooperation in production, above all in your kolkhozes, in industry, in procurements and services, etc.... Collectives such as yours are the support of the CPSU Central Committee and the government in solving new problems."

The fact that for the time being such a farm is like an "island," is not due merely to the reason that anything new is always initially an exception to the rule. It is a question of the rules themselves. Our main difficulty and trouble is that today highly organized, interested and intensive work clashes with a mechanism oriented toward average and even poor work. Initiative dampens, restrained by petty regulations and obsolete instructions. Life is knocking at doors and windows ever more loudly, asking its questions, many of which, however, as this discussion indicated, so far remain unanswered. This is largely due to the fear of making an error which, as was noted at the June CPSU Central Committee Plenum, paralyzes the will and hinders efforts to reorganize society, for which reason it is particularly damaging.

The purpose of the plenum's resolutions is to eliminate the hindrance mechanism and to create for the enterprises the most favorable economic environment. This will enable the Latvian experiment as well to be deployed to its fullest extent.

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SHORT-TERM AND LONG-TERM ECONOMIC OBJECTIVES

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[Article by Yegor Timurovich Gaydar, editor, KOMMUNIST department of political economy and economic policy, candidate of economic sciences]

[Text]

I

There is no acceptable alternative to the concept of acceleration. As forecasts have indicated, the adverse processes which appeared in the 1970s and beginning of the 1980s could have led to the frustration of the investment complex and the actual halt in economic growth. The vital need to achieve radical quality changes in the development of the national economy determines the particular attention paid to information on progress in this area. The desire to see as rapidly as possible the results of the efforts being made and their influence on living standards and the dynamics of the most important national economic indicators are currently characteristic of the social awareness and moods. That makes it particularly important to maintain a sober assessment of the current fluctuations in the pace of economic growth and the complex interconnection among short-term and long-term tasks of acceleration of socioeconomic progress.

As a rule, economic growth accelerates with the increased share of the accumulation fund in the national income. A necessary prerequisite for the implementation of this course under socialist conditions is its broad public support and readiness to limit current consumption for the sake of future growth. However, a short-term increase in the growth rates of the volume of output can be achieved also by borrowing resources from the future, by partially shifting the solution of present problems to latter generations. This can be achieved by comprehensively limiting outlays which ensure long-term development. Sooner or later, society must appropriate the needed resources and abandon the implementation of current production and social tasks. Frequently the subsequent cost of compensating for such artificial economy is several hundred percent higher, although this never shows up in quarterly, annual or even 5-year results.

The reduction of capital investments in the infrastructure is an example of such policy. Whenever a network of railroads is created, resources appropriated for this area may be reduced for as long as the volume of output

is essentially compatible with its handling capacity. As a result of the long-term implementation of such a policy, the load per kilometer of rail tracks in our country in 1985 was higher by a factor of 4.5 compared to the United States and by 32 compared to Japan. Today breakdowns in the work of the railroad system is disturbing the entire national economy and considerable expenditures and time will be needed to eliminate the disproportions and to ensure the necessary level of handling capacity of main railroads.

Contradictions between the strategic tasks of socioeconomic development and short-term plans for upgrading the volume of output may be seen in virtually any area of activity. They are manifested particularly painfully in the social sphere.

The residual principle of allocating funds for social needs, which was condemned at the 27th CPSU Congress, was related to an orientation toward current results. Upgrading the quality of education means making a direct contribution to achieving the objectives of socialist society and creating conditions for the all-round development of the individual. This is also the most important resource for economic growth on a long-term basis. According to the interesting although somewhat controversial evaluation made by one of the leading Western specialists in problems of economic growth, E. Denison, the education potential has a determining influence on long-term development trends and comparable results achieved by different countries.

For example, the adverse consequences of the mass recruitment of students to perform agricultural work, which became particularly widespread in the republics of Central Asia, will be felt as late as the 21st century. The fact that the losses related to this practice cannot be determined precisely does not make them any lesser. The volume indicators, however, determined a single result only--the additionally produced agricultural commodities.

Returns on additional resources allocated for education will not be immediate. By increasing today investments in this area, as in health care, culture, and housing construction, we are eliminating the disproportions which developed at a time when the share of such sectors in the volume of capital investments dropped from 29.7 percent in the 6th to 21.3 percent in the 11th 5-Year Plans. The fact that by formulating a program for acceleration the party rejected economy in the social sphere indicates the nature of the long-term orientation of our economic policy and its realism.

To assume that we are insured against the repetition of the errors which we made would be a major oversimplification. In this respect, another major danger is the still extant overrating of the importance of short-term changes in the growth rates of the volumes of output, in the course of which their increase is considered a unquestionable proof of the success of the policy which is being implemented while their lowering is taken as an alarming signal which requires taking immediate practical actions to correct the situation.

In defining the status assigned to the growth of the volumes of output within the concept of acceleration, it is important clearly to distinguish between the process of socioeconomic development itself and the yardsticks used in its evaluation. Any kind of yardstick can only be a tool in formulating economic

policy and controlling the extent of its implementation instead of its objective.

Nor is the national income an exception, although it characterizes most adequately the flow of resources within the national economy and the possibility of satisfying the needs of the population and of increasing the production potential. Information on growth rates, in itself, unsupported by substantive economic studies, could severely misrepresent processes actually taking place in the national economy.

Like any indicator of the production volume, it provides an idea of the scale of economic activities but not of their expediency. For example, the fact that a significant portion of the produced commodities is substandard and is not in demand does not affect the size of the national income. At the present time a great deal of inefficient activities are taking place within the national economy. Thus, despite the fact that the transportation system is overloaded, there are numerous cross runs due to the fact that the sectorial ministries have developed their own "barter economy." The resources frozen in stocks of commodity and material values have exceeded all sensible limits. Maximally restricting inexpedient activities is one of the problems which must be solved in the course of economic restructuring. However, improving the structure of the national income will not increase its current volume but could even lower growth rates.

The example of economic activities the results of which turned out substantially below expectations is widely known: the building of animal husbandry premises and the development of water resources. A total of 110.2 billion rubles were invested in these areas between 1971 and 1980. Due to the insufficient availability of feed for the herds (25-27 quintals of fodder units per nominal head of cattle, instead of 35 quintals as required), and substantial water losses, a significant percentage of these outlays failed to yield positive results. The reallocation of some of these funds to meet the needs of rural road and housing construction, increasing capacities for the processing and storing of agricultural commodities and the efficient utilization of water resources, i.e., the timely implementation of this type of investment in the agroindustrial complex, which was initiated in the final years of the 11th and is continuing in the 12th 5-year period, would have enabled us to obtain greater returns. However, it is impossible to redirect the capacities of water-resource organizations to other types of construction without lowering the volume of their capital investments. This situation is characteristic of other sectors as well. As a rule, no major changes can be made in the flow of resources to the benefit of more efficient types of activities without limiting, albeit temporarily, their size.

Surmounting the scarcity of consumer goods will enable us to get rid of social ills, such as black marketeering and lines which absorb a significant percentage of the leisure time. A balanced consumer market and simplicity in converting monetary resources into the necessary set of commodities and services are mandatory elements in upgrading the quality of life. From the viewpoint of growth rates, however, this presents a serious problem. The possibility of imposing the sale of fictitiously new and more expensive goods will become limited. An efficient restructuring of output will be required,

which will take into consideration changes in demand. Many substandard and unfashionable consumer goods will find no customers, for which reason their production will have to be stopped.

In order to assess the nature of the short-term dynamics of socioeconomic development, information on reducing inefficient activities in the national economy and harnessing thus released resources for purposes of intensification, capital turnover, concentration of capital investments and construction deadlines, accelerated recovery of capital investments and reducing all types of losses is no less important than information on current changes in the growth rates of the national income.

A most topical strategic task is the drastic acceleration of scientific and technical development and ensuring progressive changes in the production structure. The ability to generate and master the use of progressive new developments today and, even more so, in the future is the foundation of economic strength. Experience indicates that with a noticeable increase in the volume of output the pace at which efficient innovations are applied may become unsatisfactory. As early as the 1950s and until the beginning of the 1970s, a period when the national income was growing quite rapidly, a lagging trend in this area could be noted. Following the commissioning of the first industrial system for oxygen-converter steel production in the country, it took us 16 years for the share of this method to reach the 20 percent level. Japan, which launched its first similar system one year later, achieved the same results in 5 years. It took 17 years after the commissioning of the first system for continuous steel casting before it could reach 5 percent of the total produced in our country, compared with 10 years in Japan, where it was started 5 years later, and 5 years in the United States.

In the capitalist economy the most active structural reorganization of production and reallocation of resources to enterprises which use them profitably takes place as a rule during periods of low growth rates or drops in output. This is ordained by the mechanism itself of the capitalist cycle. From the social viewpoint this process triggers sharp conflicts although it is also affected by objective factors related to the development of production forces and contradictions between current and long-term results, manifested differently under capitalist and socialist production relations.

The most important task as defined by the 27th CPSU Congress was the radical technical reconstruction of the national economy. This would enable us to surmount our lag behind the most developed capitalist countries in production efficiency and quality and to develop a powerful potential for innovation. Technologies which must become basic in the forthcoming stage in reconstruction are most of them quite familiar and already developed both in our country and abroad. They include continuous steel casting, powder metallurgy, composites, a dry cement production method, dye-punching metal processing, use of diesel engines, etc. Their expansion was restrained precisely by the orientation toward short-term results. The assignments included in the 5-year plans on the use of efficient technologies remained chronically unfulfilled. The 11th 5-Year Plan called for tripling the production of metal powder and approximately doubling the production of machines for continuous casting. Actually, the increase was much lower and we

were unable to make any major changes in these areas. Conversion to dry cement production method saves 100,000 tons of nominal fuel per 1 million tons of finished product. In 1985 its share in the overall volume of output was 14 percent for the USSR (56 for the United States and 78 for Japan). Most developed capitalist countries have totally abandoned the resource-intensive and inefficient Martin steel-production method. In 1985 the same method was still being used in our country, accounting for about 56 percent of overall steel output. Increasing the pace of the application of efficient technologies and discarding obsolete assets are significant indicators of the reality of acceleration.

The contemporary stage in economic development is characterized by fast changes in the sectorial structure. According to forecasts, in the industrially developed countries by the end of the 20th century priority will be given to the speed of development of science-intensive sectors which are most closely related to scientific and technical progress and whose structure of outlays includes a high share of scientific research and experimental design, such as electronics, software and scientific instrument manufacturing. Their share in the production structure and the quality of their output are indicators of the maturity of a country's economy and its place in the global economy. It is the substantial successes achieved by Japan in the production and export of the output of science-intensive sectors that worry its competitors more than the country's pace of economic growth.

Judging by the value indicators of the volume of output, fast and progressive structural changes were made in the USSR in the 1970s and beginning of the 1980s. Between 1970 and 1985 the growth rates of output in machine building outstripped similar indicators in sectors producing construction materials and chemicals by a factor of 1.8, and the fuel and energy complex by a factor of 1.9. However, this was largely achieved by artificially increasing prices. According to data provided by the noted Soviet economist Professor V.K. Faltsman, if the output of machine building for civilian purposes is recomputed in terms of power units, it turns out that in the 1970s the growth rates in that sector were substantially more modest while at the beginning of the 1980s the volume of output declined. In the next few years ensuring a real acceleration in the structural reorganization and the faster growth of machine building and high pace of development of science-intensive sectors which should attain global standards in terms of efficiency and quality of output, our prime tasks and any delay in solving them cannot be compensated with greater raw material and fuel production.

Therefore, the problems which must be solved today are complicated by the fact that the growth rates which prevailed between the end of the 1970s and beginning of the 1980s were largely made possible by borrowing resources from the future, thus concealing long-term disproportions. The steps taken to accelerate growth, once again at the expense of long-term objectives, could discredit the strategy of acceleration.

II

Efforts to increase the growth rates without securing the necessary prerequisites and to go beyond the framework of economic resources have been

made in the socialist countries. This experience must be studied in order to prevent its duplication.

The most familiar example of such a policy is the development of the Polish economy in the 1970s. The share of the accumulation fund in the national income substantially increased in Poland in 1971-1975. The annual growth rates of capital investments averaged 18 percent and the national income, 10 percent. An increasing number of resources were needed to complete the initiated construction projects, the cost of which was rapidly growing. Expanding solvent population demand, not supported by corresponding availability of consumer goods, aggravated the scarcity problems and intensified social tension. The use of foreign loans made possible a temporary lowering of such contradictions but worsened them in the long run. By the end of the 1970s the economy developed sporadically and unevenly. It became clear that the loans had not led to progressive structural changes. They had been invested in equipment which did not lead to the production of goods competitive on the world market in suitable amounts. Real wages declined in 1978. The volume of capital investment, which reached its peak that year, began to diminish. The difficulties were aggravated by the start of a profound sociopolitical crisis. By 1984, when the situation began to improve, the volume of capital investments and the national income were, respectively, on the 1973 and 1975 levels.

Less dramatic in form but similar in content were errors which led to major difficulties encountered by the Hungarian People's Republic. The increased price of power carriers after 1973 worsened foreign trade. In the changed circumstances the need arose to refine guidelines of economic development, revise plans and carry out a painful yet necessary structural reorganization. The efforts to preserve the high growth rates of output resulted in a significant increase in foreign indebtedness. In order to repay such debts further restrictions in the living standards and substantial reductions in the volume of capital investments became necessary. In 1985-1986 the Hungarian national income remained virtually unchanged. As we assess this situation let us not forget that the policy which led to it had been formulated in 1974-1978, when this indicator was growing at an annual average of 5 percent.

An imbalanced growth of the economy has not always led to increased foreign indebtedness. Its second potential result was a drop in the living standard. The most typical example of this is the development of the Soviet economy toward the end of the 1920s and beginning of the 1930s.

The First 5-Year Plan stipulated that the increased volume of output will be combined with an increase in real wages. However, in order to achieve planned objectives a drastic reapportionment of funds in favor of capital investments was necessary. This forced the development of a multiple-channel regulated retail trade with substantial price disparities among channels and a significant gap between market and state prices. This forced a drastic increase in state retail prices. Between 1928 and 1937 such prices increased by a factor of 13 for rye flour, by a factor of 10 for rye bread, 8 for wheat bread, 9 for beef, 7 for butter, etc. The overall influence of changes in nominal wages and retail prices led to a considerable lowering of the real wages of workers and employees between 1928 and 1932. The 1933 economic

maneuver made it possible to make the volume of capital investments and construction consistent with available resources and laid the foundations for major successes in the economy, which were achieved during the second 5-year period, when the growth rates came close to the real possibilities of the national economy.

III

In formulating its acceleration strategy, the Communist Party proceeded not only from the need to eliminate negative trends but also the resources needed to achieve this objective. The realistic assessment of such trends calls for taking into consideration factors which will restrain our development in the next few years, related to the inertia of the large-scale economy, and the consequences of errors in structural policy and in the management system.

The situation which developed in the agrarian area is an example of the long-term influence of decisions which were made at relatively early stages in the building of socialism. Until the beginning of the 1950s the high pace of the country's industrial development was largely ensured through the redistribution of resources extracted from agriculture. The main financial lever was the turnover tax levied on the basic types of agricultural commodities. Purchase prices and the income of kolkhoz members from public farming were maintained on an extremely low level. The taxation of the private plots was also high. As a result, a wide gap existed between urban and rural living standards.

Toward the beginning of the 1950s it became clear that the great lagging in agriculture was the greatest hindrance to the country's overall economic development. Gradually, the flow of resources changed direction. Today we are investing in the sectors of the agroindustrial complex about one third of all capital investments in the national economy, including all agricultural sectors--27 percent (this is much higher than investments made in other economically developed countries, both capitalist and socialist, which can fully meet their needs for agricultural commodities and are net food exporters). Returns on capital investments in this area are extremely low. Investments of 227.2 billion rubles we made in capital investments between 1981 and 1985 yielded an increase in gross output, compared with the 1976-1980 average, of 10.2 billion rubles (in comparable 1983 prices). The dynamics of the national income created in this sector was even less favorable. Naturally, this was affected by shortcomings in the economic mechanism and errors in selecting specific targets for capital investments. The decisions which were made on changing the investment structure in the APK and improvements in the economic mechanism will enable us to improve the situation. However, the consequences of the excessive extraction of resources from the agrarian area during the preceding development stage are also of the greatest possible significance. The excessive outflow of the most mobile and skilled cadres distorted the demographic structure of the rural population. Migration to the cities, as a preferable career and success alternative was deemed much more preferable. This disturbed the social structure needed for the efficient utilization of resources channeled into the agrarian area and proved to be the most durable restraining factor.

Another most important long-term factor is the contradiction between the high energy and material intensiveness of output, based on the developed production machinery, and the fast growth of outlays in resource-extracting sectors. Until recently there was a choice of either increasing the consumption of resources or their conservation. Within the framework of the existing economic management system, from the management point of view it is simpler to involve additional resources than to conserve them. In the short term, this strategy helped to increase the pace of economic growth. On the medium-term and long-term levels, however, the problems became aggravated.

Even maintaining the already achieved volumes of output of fuel and raw materials requires significant additional funds. Particularly substantial capital investments are needed to ensure a minimal growth rate of output of energy carriers. While they declined from 6.2 percent in 1975 to 2.4 percent in 1985, capital investments increased by 44 percent in the coal, 171 percent in the petroleum and 108 percent in the natural gas industry.

The most important trend in reorganizing structural policy in the 12th 5-year period is the sharp increase (by a factor of 1.8 compared with the 11th 5-year period) of capital investments allocated for the development of machine building. This is a necessary prerequisite for the future conservation of resources. Capital investments in other sectors closely related to scientific and technical progress are also growing at a pace substantially above average. In the chemical industry, for instance, they will be increased by 50 percent. Nonetheless, today it is difficult to reduce the share of capital investments channeled into raw material sectors and the production of fuel and energy. This is the effect of the objective inertia of the developed production potential and the structure of exports. As in the past, capital investments in the fuel and energy complex will be growing faster (by 37 percent).

After 1973 our country was able to put significant resources in economic circulation as a result of the sharp increase of energy prices on the world market. Price increases, combined with increased exports, allowed us to increase income from the sale of petroleum and petroleum products (in current prices) from 2.4 billion rubles in 1973 to 30.9 billion in 1984, and their share in the volume of exports, from 15.2 to 41.6 percent. This favored increased imports of machines and foodstuffs. Starting with the mid-1980s, the situation on the world energy market began to change radically. Petroleum prices began to drop quickly. Between 1984 and 1986 they dropped by more than one half. Naturally, this situation could not fail to affect the Soviet export potential and results of foreign trade. As early as 1985, when this trend had only become noticeable, income from the sale of petroleum and petroleum products dropped by 2.7 billion foreign exchange rubles. In 1986 loss of income increased substantially. The reduced income from petroleum for the USSR was approximately equal to the loss of all income from exporting the output of the machine building industry, ferrous metallurgy, timber and timber materials, cotton fibers, and fish and fish products combined. The export positions of our industry could have been strengthened if our foreign trade potential was based on technically complex types of output which, in principle, is possible for a highly developed country such as the USSR. However, this cannot be achieved quickly.

Dissatisfaction with consumer demand requires increased capital investments in the production of durable consumer goods. The gravity of the housing problem and the need drastically to improve material facilities in health care, education and culture make unacceptable a reduction in the share of these sectors in the capital investment structure. Therefore, for the time being we do not have the possibility of making structural changes in favor of sectors working for scientific and technical progress by substantially reducing resources allocated for other groups of sectors.

Hence the forced increase in the share of accumulations in the national economy, outstripping the growth of capital investments compared with the increased real income of the population. Whereas the 11th 5-Year Plan stipulated that real income will be increasing significantly faster than capital investments (we were unable to maintain such proportions in practice), the 12th 5-Year Plan stipulates that compared with increased real income capital investment increases will be higher by a factor of 1.7. In 1986 the increased volume of capital investments equaled 8 percent while that of real population income, 2.3 percent.

Although objectively necessary, such changes in reproduction ratios are no less painful. The current situation in terms of the population's living standards does not allow us to withdraw significant resources from the consumption fund and use them in increasing output. At the beginning of the 1980s the indicators of the growth of real income declined substantially (increased retail prices, related to varietal changes in the production and marketing structure were not taken sufficiently into consideration). Grave disproportions developed in the wages of individual worker categories. The level of relative earnings of workers whose work determines, to a decisive extent, the pace of scientific and technical progress--scientists, engineers and technicians--declined unjustifiably. With low growth rates in the real income the elimination of such disproportions becomes extremely difficult. Further restrictions in real income could lead to an aggravation of social problems and lower the efficiency of labor incentives and, therefore, the efficiency of accumulations.

IV

The Soviet economy has substantial reserves. We know the scale of losses of working time, agricultural commodities and construction materials, and the increased metal-intensiveness of machines and equipment. The aging of the production apparatus and the use of worn-out equipment led to increased capital repairs. The extended construction deadlines increase construction costs and delay scientific and technical progress. A significant percentage of the equipment paid for in foreign currency is either idling or is not installed quickly. Matters are worsened by the fact that the use of such resources is possible only to a limited extent under the conditions of the existing management system. The distribution of funded resources and lack of supply reliability prevent us from lowering stocks of commodity-material values and directing the production process toward meeting the requirements of consumers. The weakness of material incentives adversely affects the scale of resource conservation. Assessments based on current results hinder the write off of obsolete productive capital.

Time will be needed before we can create the economic conditions which would enable us to harness existing reserves. Therefore, the strategic line of acceleration, which was formulated at the April 1985 CPSU Central Committee Plenum, contemplated, on the tactical level, giving priority to the use of possibilities related to upgrading organization and discipline and improving the style of management. Work in this area will lead to positive changes which will also affect a number of quality parameters, such as accelerated turnover of resources and reduced production costs. The results of the start of 1987, however, indicate a slowdown in the use of second-echelon reserves, related to the radical restructuring of management.

The conversion from the first stage in the implementation of the concept of acceleration, in which the use of organizational factors played the determining role, to the next stage, within which a deeper layer of reserves related to the implementation of a radical economic reform will become accessible, will require the solution of a number of problems. Today attention is focused on creating a mechanism for centralized planned management which will be based on the full and unrestricted cost accounting of enterprises and their increased autonomy and responsibility for end national economic results. In this case objective contradictions between current and long term objectives inevitably appear. From the viewpoint of short-term results, the risk related to the implementation of major changes in the management system is substantial. This has justified time delays and the retention of traditional management levers in addition to the new ones. However, this system can undermine the integrity of the new economic management methods and block access to real change. In the long term, the greatest risk is related to efforts to preserve obsolete management methods.

The purpose of the reform is to block the inexpedient use of public funds and ensure the efficient reallocation of resources. The efficient restructuring of activities can lead to a temporary reduction in its volume and respective indicators, even on the national economic level. Solving such problems of maneuvering with resource while at the same time demanding of each sector and each enterprise maximal efforts to increase the volume of production activities is basically impossible.

The introduction of a system of distribution of income among enterprises operating on the basis of full cost accounting and self-financing is aimed at making the economic units interested in upgrading production efficiency and identifying available reserves. However, it would be difficult to rely on this if the most rigid penalties imposed on enterprise collectives and managements will be applied, as in the past, if assignments concerning the volume of output are not met.

Increasing economic autonomy of enterprises is incompatible with scarcity. Under conditions of imbalance, wholesale trade in means of production cannot operate normally and we cannot abandon the mandatory regulation of enterprise production programs. The unsatisfied demand for basic resources, despite the tremendous scale of their output in our country, convincingly proves the existence of a serious disturbance in the monetary circulation system. Short-term loans was the main channel for the circulation of surplus money over a considerable period of time. Between 1975 and 1985 the overall amount of

short-term loans granted within the national economy increased from 160.5 billion to 426.4 billion rubles. The amounts of delinquencies within that time more than quintupled. measures to limit the amount of loans were taken in 1986 and 1987 but these are merely initial steps in the right direction.

The 1987 state budget calls for increasing outlays for financing the national economy by 11.7 billion rubles and of sociocultural measures by 8.7 billion (in relation to the 1986 budget). Such expenditures will be covered above all by rapidly increased income from state and cooperative enterprises and organizations (by 19 billion rubles). This cannot be achieved by increasing payments from profits and the turnover tax. Between 1981 and 1985 the average annual growth of payments based on profits shown by state enterprises equaled 5.9 billion rubles; the income tax levied on cooperatives, kolkhozes and enterprises operated by public organizations was 0.16 billion. Starting with 1985 the turnover tax began to decline and this year income from this tax, coming from the sale of liquor, will be reduced by 30 percent. The adverse foreign economic situation which will prevail in the immediate future will inevitably limit revenue from foreign trade.

In order for the expanded rights of enterprises in establishing economic relations and the increased flexibility of price-setting not lead to high price increases, the profound roots of inflationary processes in our economy, manifested today in the guise of commodity shortages, must be eliminated; disparities between the budget and its real revenue must be limited and loans must be made consistent with the amount of voluntary savings by the population and the economic organizations. The acute need for resources which must be freed on the basis of the economic reform will not allow us to postpone the solution of this problem. It is important, however, clearly to realize that this is an economic-political reform. It is only by directing national economic priorities toward achieving a financial balance (rather than accelerating the current growth rates) that changes in the financial-credit mechanism will enable us to bring order in monetary affairs and to ensure the stability of the ruble.

In this connection, it would be pertinent to recall the experience of the first successful economic reform in the socialist economy: the conversion to the NEP. The efficient use of methods of economic control under the conditions of high inflationary rates inherited from the period of war communism was difficult. In order to restore the stability of the domestic currency, it was necessary to reduce the budget deficit and the printing of money. This meant an aggravation of short-term problems and limiting the financing of state industry, all of this under the conditions of economic dislocation. Alternate solutions became the topic of major debates of the 11th to the 13th Party Congresses. Despite a most difficult situation, the party found within itself the strength to sacrifice short-term advantages for the sake of long-term results.

Giving the reform priority and upgrading the level of balancing in the national economy, compared with short-term tasks of increasing the volume of output today is a mandatory prerequisite for the development of resources needed for accelerated socioeconomic development. Efforts to replace them by increasing the harshness of administrative penalties for the nonfulfillment of

plans and increasing the volume of capital investments by limiting real income would intensify a trend toward current results and lower the quality of management.

For a long period of time the efficiency factors, which could not be suitably reflected in current results, exert a determining influence on the dynamics of the national income. In addition to yardsticks which characterize the satisfaction of social requirements, the condition of the environment, changes in the correlation between working and leisure time, the efficiency of utilization of resources and the quality of output, structural changes, and so on, the national income is a major instrument in shaping economic policy. However, reducing acceleration to an increase in the growth rates of output and, even more so, assessing the extent to which its strategic objectives had been attained on the basis of their quarterly changes, is essentially wrong. We thus lose the freedom to maneuver and become forced rapidly to increase output in the fuel-raw material sectors and to abandon alternatives of national economic development which could yield maximal results on a medium- and long-term basis.

The attitude toward growth rates must be changed under the conditions of the economic reform. Their dynamics will be determined by the efficiency of the system of economic levers and incentives, the proper handling of investment policy by the authorities in charge of national economic management and the accuracy with which development priorities are selected. Administrative control over growth rates becomes senseless in such a situation and efforts to accelerate them regardless of real increases in efficiency can only distort our concept of the processes occurring in the national economy.

The mobilization of reserves related to the restructuring of the management system, and their use in the acceleration of progressive structural changes in the economy would enable us to write off more quickly worn-out and inefficient fixed capital, reduce the scale of capital repairs and lower capital investments channeled into increased extraction of raw materials and fuels. This would enable us to accelerate the production of consumer goods and the scale of housing and sociocultural construction and to ensure a leap in the technical restructuring of the national economy, thus raising it to a qualitatively new level.

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[Article by Zoya Pavlovna Pukhova, chairman of the Committee of Soviet Women]

[Text] The results of our achievements, and the horizons of what remains to be done become clearer during anniversaries. Today, on the eve of the 70th anniversary of the Great October Revolution, as we compare the present with the past and as we look into the future, we assess the experience and the future of the socialist changes initiated by the revolution, including in the area of such a difficult and complex social phenomenon as the women's problem.

Suffice it to look at the past situation and study its statistics and then talk to our contemporaries--the granddaughters and great granddaughters of the women of prerevolutionary Russia--to sense the entire depth and scale of the changes which have occurred. The Soviet woman has indeed become the mistress of her destiny and a full and active member of society. This became possible thanks to the fact that from the very first days of the Soviet system, the solution of the women's problem was formulated on a truly scientific basis. It was founded on the Leninist principles of social policy and was one of the priority tasks in social restructuring.

V.I. Lenin considered the extensive involvement of women in public production, with mandatory protection of female labor, a most important prerequisite for social equality. In his view, the question of women's equality and making women active participants in building the new society was impossible without involving women in the administration of the state and without their participation in social and political life. "...The involvement of the masses in politics," he wrote, "cannot be accomplished without involving women in politics" ("Poln. Sobr. Soch." [Complete Collected Works], vol 42, p 368). Finally, a mandatory requirement for equality was for the state and society as a whole to assume responsibility for the creation of conditions which would enable women to combine their participation in production and social and political life with motherhood. Lenin saw the way to solve this difficult problem by developing a network of children's institutions, which would facilitate care child care and upbringing, and the development of family social services.

In undertaking the practical solution of the women's problem, the young Soviet state encountered tremendous difficulties. Not only was it necessary to eliminate anything which had denigrated women as people, for centuries and millennia, and grant them by law equal rights in all areas of life, but also to teach them to exercise such rights, to change their opinion of themselves and, at the same time, the concept of men about women. What made this task even more difficult was the fact that because of local and national customs and religion the status of women in huge areas of the country varied greatly.

Immediately after the revolution the Soviet system passed new legislation, which was the most progressive for its time: The equality of women in all areas of life was codified with the 1918 Constitution and in labor, family-marital, land, and civil laws. Lenin described them as follows: "More than any other, even the most progressive country, the Soviet system achieved democracy by deleting from its laws even the slightest hint of women's inequality.... In the field of legislation we have done everything which was demanded of us in order to equalize the status of women with that of men and we can be justifiably proud of this" (op. cit., v 39, p 201).

Proclaiming equality was only the first step. Truly tremendous work was being done to make this equality real and to offer women the possibility of fully exercising their acquired rights and teach them how to implement related obligations. The elimination of illiteracy, the training of women, involving them in public production, promoting them to responsible positions, paying close attention to their working and living conditions and their lives, and their involvement in governmental and public affairs were all yielding unparalleled results. The possibility of displaying their creative capabilities and talents in areas of activity which were previously inaccessible to them and of mastering skills gave women strength and energy. A new social type of woman developed, inspired by and proud of her labor, and enthused by her favorite work.

Soviet women, who account for one-half of the people employed in the national economy or, more precisely, 50.8 percent, account for a great deal of our accomplishments. They have made their contribution to the creation of material values in virtually all areas of industrial and agricultural production and are successfully working in sectors which determine scientific and technical progress, something which is of essential significance.

An increasing number of women are mastering professions requiring high skills and extensive knowledge. They account for a significant percentage of collectives in instrument manufacturing, electronics, precise machine building and the radio industry. The condition of health care, public education, consumer services and sectors producing consumer goods largely depend on female labor. Women successfully work in agriculture, science, art and culture. In short, that which the best minds of all times, who considered the status of women in society one of the most important indicators of its overall progressive nature, was accomplished, became reality. In our country women enjoy respect and their authority and role in society depend exclusively on their personal qualities, level of competence and organizational capabilities.

Our accomplishments in solving the women's problem are unquestionable. They became an inspiring incentive for those who are struggling against discrimination in the capitalist world and for nations which are entering the path of independent development and taking their first steps on the path to social liberation and progress.

However, it would be erroneous to assume that our progress is taking place smoothly, without struggle and contradictions, and that we have no problems which society must solve. The country is going through a difficult and very important period: A powerful leap ahead must be made in order for the economy, the social area and spiritual life to gain a new quality. Whatever areas of our life may be affected by restructuring, the role and status of women will always remain in the center of attention, for the individual is the main figure of renovation. Restructuring will affect the area of female labor to an even greater extent than that of men, for in connection with production intensification technical retooling will take place first in sectors which are behind in mechanization and automation standards. Yet it is precisely there that today extensive use is made of female labor. More than one-half of manual work in industry is performed by women.

Insufficient vocational training of women workers and, as a result, their lower level of skill compared with men, is a particularly urgent problem of female labor in the national economy. Naturally, this is also due to objective reasons determined by the specific nature of the social role which women-mothers play. Nonetheless, the gap in the levels of skills of men and women is unjustifiably wide: In industry it averages one grade rate and in sectors such as peat, cellulose-paper, chemical-pharmaceutical and a number of subsectors in the light and food industries, the gap is even wider. The fifth and sixth skill rates have been reached by an average of about 40 percent of men employed in industry, compared to only 10 percent of women, i.e., the number of men with such ratings is quadruple that of women. In some industrial sectors the situation is even worse. For example, at Minkhimmash enterprises, about 70 percent of women workers are on the level of the first three grades; they account for no more than 3.9 percent of the highly skilled sixth-grade workers.

Therefore, although there is no discrimination against women in wages for identical work, women's average wages are lower than those of men because of the gap in ratings. As a result, unable to reach the necessary level of earnings because of lack of skill, women frequently fill positions where less favorable working conditions are compensated by higher wages.

Why has such a situation developed? Because of the inefficiency of the current system of professional training and skill upgrading. The system takes little into consideration the specific nature of female labor and its interrupted nature, related to motherhood. Professional retraining and upgrading the skill of women who return to the labor force after mandatory leave and leave for taking care of children has not been organized. This becomes a particularly topical subject in connection with the forthcoming extension in the duration of such leave. Only 1-2 percent of women workers with children, who are upgrading their skills, undergo training on a full time basis while retaining their average monthly wage as stipulated by respective

decrees of the CPSU Central Committee and USSR Council of Ministers. The number of women engaged in upgrading their skills is one-half that of men. Thus, at the Progress and Uralbummash plants, such upgrading takes place on an average of once every 20 years. These are the consequences of the indifference displayed by many economic managers concerning the professional growth of women and their labor careers.

The fact that women continue to engage in hard work and work under conditions harmful to their health remains a scandal of our reality. At the Uralkhimmash Production Association, repeatedly in the course of one shift, in unloading chemicals, women workers lift and move objects weighing between 25 and 50 kilograms, although the regulations call for no more than 10-15 kilograms. In some sectors the total amount of freight hauled by women in one shift may reach 10 tons. And what about women who work along railroad tracks?! These urgent problems were discussed last April at a joint meeting of the Commission on Problems of Women's Labor and Life, Protection of Motherhood and Childhood, and the Commission on Public Education and Culture of the Chambers of the USSR Supreme Soviet. A report was submitted by the USSR Ministry of Chemical and Petroleum Machine Building. The ministry drafted a corresponding plan and the 18th Congress of Trade Unions passed a resolution calling for completing during this 5-year period the release of women from heavy work and work under harmful health conditions. However, the pace for such changes planned by the enterprises in this sector threaten to drag this process over a period of 25 years.

Great attention should be paid to problems related to forbidding women to work the night shift, something which was stipulated in the very first laws passed by the Soviet state, the more so since such shifts became primarily staffed by women. Many "male" enterprises, equipped with most advanced facilities, have no night shift whereas enterprises in the textile industry do. So far progressive work and recreation systems have not become widespread.

Here is another problem. So far ergonomic requirements have been ignored in designing machines and equipment which will be used by women. Another urgent problem is that of supplying women workers with special clothing and shoes and means of individual protection against accidents and providing special facilities for labor hygiene. Why do many enterprise managers ignore such problems? Are they not interested in protecting the health and labor of their workers? In the final account, the fact that ministries are dragging with the solution of all such problems, this peculiar "economy" at the expense of women workers, is very costly to society: Women contract chronic gynecological and other diseases, there are frequent cases of production accidents and complications in pregnancy and giving birth.

Not everywhere are the local soviets and trade union committees sufficiently persistent in ensuring the implementation of the decrees promulgated by superior organizations. They display indifference and lack of initiative. This is a wide field of activity for the women's councils. Here are specific examples.

One of the main areas in the work of the women's councils at the ZIL is supervising the creation of the necessary conditions for women's work,

recreation, training, and upgrading professional skills during the period of converting the enterprise to a two- and three-shift system. Its suggestions on this problem were included in the plant's collective contract. Together with the trade union committee, the women's council studies problems of work under the new conditions at children's preschool institutions and public catering, transportation and medical enterprises and takes specific steps to improve the situation. The women's council strictly supervises the observance of legislation on women's labor and, in cases of violations, submits respective demands to the administration. On the initiative of the women's council a special shop was set up at the body-manufacturing building of the automotive plant where women work on a one-shift basis should they be unable to work the second or third shift for a variety of reasons. Such shops are being set up in other subdivisions as well.

Active participation by women's councils in drafting collective contracts, discussing the draft USSR Law on the State Enterprise (Association), training cadres for economic, trade union, Komsomol and soviet work, and drawing the attention of administrations to the need for the application of new progressive forms for women's labor and its protection is, unquestionably, something which will help to solve problems related to the labor activeness of women workers.

As one of the forms of self-government, women's councils are the live embodiment of the creativity of the masses. Everything here is important: the historical background for setting up this women's organization, the local conditions, national culture and traditions. A great deal depends on the party's guidance of the women's movement. The work of the women's councils is made easier wherever the party organizations pay close attention to the new developments and where the party members are fully aware of the significance of their support. "We expect a great deal from the work of the women's councils," M.S. Gorbachev emphasized. "The women's councils are like batteries which store the energy and initiative of women. Their mission is exceptionally important. Working in the thick of reality, in every city, village, plant, residential district and home, better than any other the women's councils are familiar with the problems of women and their families and can assist them promptly, involving, if necessary, the authorities."

The question of the more extensive promotion of women to leading positions was raised at the 27th CPSU Congress. This too is an imminent problem. We cannot limit ourselves to achievements in this area, the more so since there are many women who head institutes and industrial and agricultural enterprises and have proved their worth.

For a long time there have been no women members of the USSR Council of Ministers, although there are some in the councils of ministers of the individual republics. We could have more women presidents of republics and ambassadors. Some areas of state activity seem to have been closed to women, not in the least by reasons of any harm which may be caused to the female organism, future motherhood, etc. Today in industry women account for no more than 12 percent of managers of production associations and independent enterprises; no more than 12 percent of women are chief engineers or deputy chief engineers; 14 percent of chiefs of shops and their deputies are women.

Women account for about 40 percent of all scientific workers. However, no more than 2 percent of academicians and corresponding members of the USSR Academy of Sciences are women. Matters are no better in the academies of sciences of union republics. Many women are doctors of science and are widely known for their accomplishments and enjoy deserved scientific prestige in our country and abroad. However, extremely few women are represented in scientific councils and expert councils of the higher certification commissions.

The time has come to organize for women the training of promotion cadres. Managers are not born, they are trained. This requires an efficient training system. Political and economic training, as stipulated in the CPSU Central Committee draft "Basic Directions in the Restructuring of the System of Political and Economic Training of the Working People," must teach the people how to work in a new way, to manage knowledgeably and economically, to direct skillfully and to help every party member, man or woman, to acquire the qualities of a competent organizer of the masses and to enhance activeness and responsibility in all areas. Women must become involved in permanent training on all levels, to the same extent as men. Unfortunately, there are few women among students attending higher courses and academies which train leading cadres for economic management and ideological work.

Today the party pays particular attention to the development of the social sphere. This involves housing, living conditions, health care, children's institutions, cultural facilities and many others. We have acknowledged that such an important area of human activities was given second priority, which could not fail to create a number of difficulties for women, for a most direct tie exists between the application of their possibilities and the state of affairs in the social sphere. It is precisely in this sphere that conditions are created under which women could combine labor in public production with their most important social function--motherhood.

The adverse demographic situation in the country was mentioned at the 27th CPSU Congress. As a result of substantial state help given to families with children, including partial pay for taking care of children under 1 year of age and unpaid leave for the next 18 months, of late the birthrate has increased somewhat. Nonetheless, according to demographers, its level in urban settlements would be unable to ensure in the future even the simple reproduction of the population. In order to correct this situation, the greatest possible attention should be paid to the living conditions of working mothers. All aspects of this problem are important. We must improve the system of protecting motherhood and childhood, starting with organizing the work in maternity homes. What about the infant mortality rate? Why does it remain so very high? Infant mortality in the USSR is higher than in the majority of developed capitalist countries.

The commissions of the USSR Supreme Soviet and the supreme soviets of union republics must always keep in their sight problems of building children's preschool institutions. Nonetheless, year after year, funds appropriated for such purposes remain unused. The work of kindergartens and nurseries, where children frequently become ill, leaves something better to be desired. It has

been estimated that annual losses caused by taking care of sick children total 168 million work days.

V.I. Lenin qualified children's preschool institutions and enterprises meeting the material needs of the population as the shoots of communism. He demanded, whenever the possibility existed, the creation of institutions which would free women from the burdens of household chores. These concepts remain topical to this day. The work of children's institutions largely determines the successful labor activities of women and the use of their possibilities and talents. A woman who does not have to worry about her children will be spared a number of daily difficulties which complicate her life and work and reduce her leisure time to such a great extent.

Whatever figures may be cited on the development of the service industry we know that this sector is still not satisfying the needs of the Soviet people. As long as this prevails, collective concern must be shown for the family and for the division of duties within the family. Taking care of children and domestic matters is by no means a woman's "privilege." It must be equally shared by the spouses and the older children--by the entire family.

Unfortunately, in daily life all concern for the home and the family is, as a rule, assigned to the woman. This situation is sometimes motivated by the fact that she will not advance all that much in her work, so that it would be better to "create proper conditions" for the work of the husband. This view does not suit the overwhelming majority of women. Conflicts and arguments within the family and women's protests, frequently caused by an improperly organized way of life and inadequate preparation for marriage frequently end in divorce.

This entails new problems. Because of divorces, every year more than 700,000 children are deprived of one of the parents. Other alarming phenomena exist as well. Young men and women, unwilling to burden themselves with a family, are satisfied with superficial relations which bind no one. What is particularly concerning and must not be forgotten, and which requires our attention today, immediately, is the tragedy of children who are orphaned although their parents are living. Obviously, the time has come legislatively to solve the problem of holding such "mothers" and "fathers" responsible.

Naturally, we have many excellent families in which the atmosphere is one of friendship, unity of views and interests, mutual understanding and concern for children and for each other. Most frequently, this applies to families in which the husband and the wife have found their place in social life. However, we must not forget that there are also disturbed families. A number of unsolved problems remain in this area, not to mention divorces which have become widespread.

Women's councils must be particularly concerned with families, with helping women in the performance of their maternal and family obligations. This important area of their activities applies above all to families with several children, young families and families whose members have died in the course of performing their international, civic or official duties, war invalids,

singles and the old. This includes sponsoring children's homes, work with problem adolescents, and paying attention to families in trouble.

As practical experience indicates, the participation of women's councils in organizing the meaningful recreation of women and members of their families, involving people in improving and landscaping areas, organizing a healthy and cultural way of life and promoting new ceremonies and traditions can be very useful.

It would be no exaggeration to say that no other social organization is so closely involved with the lives of people as the women's councils. In some cases it is precisely personal participation, a word of encouragement, that help people guilty of a transgression or who are in a temporarily difficult situation. Who can do this better than women? The women's council in the city of Anzhero-Sudzhensk, Kemerovo Oblast, has acquired interesting experience. Here every year a holiday is sponsored on the theme of "a strong family means a strong state." Engagements are celebrated in cultural institutions and in a solemn atmosphere. There are clubs for young families, alcohol-free marriages, family recreation evenings, celebrations of large families and open-door days for families at the plants. A special room, known as "Aist," has been set up at the maternity ward of the city hospital, where babies are named. Let us particularly note the individual work which women's councils do with spouses which have petitioned for divorce: As a result, 83 families have been preserved and since 1983 the number of divorces in the city has declined by 40 percent.

Unfortunately, the mass information media poorly disseminate useful experience. Of late greater attention has begun to be paid to problems of family and single women. Nonetheless, occasionally the press sounds the idea of going back to the old stereotypes, when the role of women was reduced exclusively to caring for their husbands and the home. As a rule, washing machines or new equipment for the kitchen are advertised under the heading "For You, Women." Materials are published on the way women, frequently sacrificing their professional careers, provide their husbands with a warm home and comfort, thus contributing to the husband's successful career. Frequently women who assume absolutely all concern for the family are praised and not a word is being said about their sociolabor activities. This clearly reveals a nostalgia for the "good old days," when women "knew their place," thus surreptitiously condemning "emancipation." None of this is accidental, above all because our scientists are not in a hurry to provide answers to the questions dictated by our time.

The problems related to the labor of women, motherhood and family require the steady and thorough study in both basic and applied science. Particular attention should be paid to them by specialists in philosophy, political economy, social psychology, sociology, pedagogy, history, management and esthetics. The most topical and least developed are problems of the correlation between the scientific and technical revolution and the role of women, new technologies, economics and the economic and social consequences of the scientific and technical revolution. Scientists must find answers to questions related to upgrading the labor and creative contribution of women under the conditions of the accelerated socioeconomic and spiritual

development of society and forecast the development of demographic, social and moral-ethical processes.

There is great need for a thorough and profoundly scientific study of family problems (in particular, reasons which lead to partial families, problems of strengthening family-marital relations, enhancing the status of the family and its prestige), the social role of women in a socialist society, and the shaping of a system of moral values. It is important, in this connection, neither to bypass nor suppress the real contradictions which we encounter in reality. Insufficient studies have been made of prospects for socioprofessional growth and the promotion of women to leading positions and of the origins of the obstruction mechanism which operates in this area.

We can only agree with the view of specialists who have studied various aspects of the status of women in society and according to whom for a long time "female" topics were not considered relevant or deserving serious attention. Few monographs which came out in the 1960s and 1970s deal with theoretical concepts on this topic. The study of such problems was assigned in its time to the USSR Academy of Sciences, the USSR Gosplan and the USSR State Committee for Labor. Actually, no such studies were conducted on the necessary scale. Theoretical development fell behind, which could not fail to affect practical work.

Steps are currently being taken to correct the existing situation. Thus, the CPSU Central Committee Academy of Social Sciences set up the problem council on "Social Activity of Women in the Modern World," which must become the center for coordinating theoretical research on problems related to women. The council outlined the range of problems, set guidelines for theoretical research and has involved the voluntary cooperation of scientists. It has rallied researchers in a great variety of areas, who are interested in the scientific development of problems related to the status of women in socialist society and in the nonsocialist part of the world. We believe that it would be expedient to reorganize subsequently this council from a social group into a scientific center engaged in the systematic study of the role and status of women in contemporary society.

An international roundtable meeting on "The Woman and Socialism: Theory and Practice" was organized in May 1987 on the initiative of the problem council of the CPSU Central Committee Academy of Social Sciences. The debate was attended by representatives of educational institutions, heads of women's organizations in Bulgaria, Hungary, Vietnam, the GDR, Cuba, Poland, Romania and Czechoslovakia, and Soviet scientists. A wide range of problems were discussed, related to women's labor and social activities under the conditions of scientific and technical progress, the acceleration of socioeconomic development, the harmonious combination of production activities with family obligations by women, problems of raising the growing generation, ensuring equal starting opportunities for the participation of young men and women in all areas of social life, aspects of the social activities of retired women, and the further democratization of socialist society.

The discussion was open and creative. The meeting between scientists and practical workers helped to study the results of theoretical research and

practical experience in solving the women's problem in the members of the socialist community and to sum up ways of ensuring the optimal solution of problems related to the extensive participation of women in public production under the conditions of scientific and technical progress. The particular significance of the fact that this meeting was held during the year of the celebration of the 70th anniversary of the Great October Revolution and the year of the World Women's Congress, was emphasized. The participants in the debate, who noted the successes achieved under socialism and the radical change of the status of women in society and the creation of legal, economic and social guarantees for their real equality with men, also emphasized unsolved and the new major problems which arise at each subsequent stage in the development of society.

Many of the problems which are facing today the socialist countries in this area are determined by the conversion to all-round production intensification and acceleration of scientific and technical progress, the level of social development and, above all, the mass involvement of women in production and sociopolitical activities and their cultural and professional growth. All socialist countries have formulated and are steadily improving sets of measures aimed at improving working conditions of women, strengthening the family, steps to protect motherhood and childhood, the development of consumer services and social assistance to elderly women.

As indicated by the roundtable discussion, such initiatives are very useful, for they enable us to exchange ideas and observations and jointly to seek, on the basis of scientific research and theoretical summations, ways of solving problems which arise in connection with the mass involvement of women in the socioeconomic development of the socialist countries. The importance of collective experience increases, for more than ever before today it is generating interest in the capitalist world and in the developing countries, among those who believe in the possibilities of socialism and among those who are trying to speculate on our problems and difficulties.

The Committee of Soviet Women has always been interested in the experience in solving the women's problem in the fraternal socialist countries. The creation of a wide network of women's councils in our country will contribute to the substantial study of this experience. The committee, which provides organizational and methodical guidance in the activities of local women's councils, has now been given the real opportunity to cooperate specifically and tangibly with the women's organizations in these countries, which are actively participating in the exercise of socioeconomic policy.

Soviet women support wholeheartedly the peaceful foreign policy of their state and are making a substantial contribution to the struggle for peace and for helping mankind to enter the 21st century without nuclear weapons. Voluntary contributions are being made by women to the Soviet Peace Fund literally every day: More than 50 million women have contributed. In numerous letters to the Women's Committee, they join in the demand to put an end to the arms race unleashed by imperialism and to guarantee everyone's right to life; they describe actions of solidarity with peoples struggling against imperialist aggression and in defense of democratic gains.

Soviet women participate with particularly great interest and energy in the activities of public organizations which promote friendly relations with the international public. Through their committee they cooperate with 360 international, regional and national women's organizations and movements in 130 different countries.

The World Congress of Women was recently held in Moscow, under the slogan of "On to the Year 2000 Without Nuclear Weapons! For Peace, Equality and Progress!" This congress, which was convened on the initiative of the International Women's Democratic Federation, gathered more than 2,800 participants. The unprecedentedly broad and prestigious composition of the congress was proof of the growing interest shown by women throughout the earth in safeguarding and strengthening peace on earth and eliminating the nuclear threat. This forum became an area of open dialogue among women on the most crucial problems of our time. It was a noteworthy landmark in the struggle for peace, democracy, national independence and social progress.

Our entire society must do a great deal of work for Soviet women to be able to live even more happily and work even more successfully for the good of their socialist homeland. Society is interested in their labor. No less interested in it are the women themselves. Lenin's words to the effect that there can be no socialist change without the tremendous majority of working women significantly participating in it are as relevant today as during the revolution (see op. cit., v 37, p 185). The revolution goes on and women are participating most actively in it, for they do not conceive of themselves outside the country's active life.

We want to make our country a state with the most advanced and efficient economy, steadily developing democracy and social justice, a society of high culture and steadily increasing well-being of the people. This will not take place by itself. The time demands of us energetic efforts. It is only through the collective efforts of state and public organizations and the dedicated work of one and all that we shall reach new heights in progress, including in solving the women's problem, and make fuller use of the truly tremendous opportunities and advantages of the socialist system and of the historical gains of the Great October Socialist Revolution.

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BULGARIA'S EXPERIENCE IN THE DEVELOPMENT OF SELF-GOVERNMENT

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[Article especially written for KOMMUNIST by the editors of NOVO VREME, theoretical organ of the BCP Central Committee]

[Text] Over the past few years, an interesting experience in the democratization of production management has been taking place in Bulgaria under the leadership of the Communist Party. Although conversion to self-government in this most important area of social life is at its initial stage, it provides a number of facts for summation and is drawing the attention both as a result of a number of successful solutions in restructuring the economy and labor relations on new democratic foundations as well as some problems and difficulties which are natural companions of any major change.

Looking back at the last 10 years, we could single out two periods in the development of self-government in production. The first generally covers the Eighth 5-Year Plan (1981-1985). It was characterized by comprehensive creative political-organizational, theoretical and practical activities in promoting a decisive democratization of economic life in accordance with the stipulation of the 12th BCP Congress that the state is the owner and the labor collective is the manager of socialist property. During that period collective self-governing authorities were set up or appointed at all enterprises engaged in material production (general brigade meetings and enterprise collectives, brigade councils and economic councils). The application of the new economic mechanism was undertaken in 1982. At the same time, after a nationwide discussion of the party concept of the new Labor Code, which was drafted under the guidance of Comrade T. Zhivkov, a comprehensive updating of the country's labor legislation took place.

In accordance with the course of self-government, charted at the 13th BCP Congress, a tremendous amount of work was done, which could be assessed as a practical test of the new ideas on restructuring the economy, labor and production. It was already during that stage, which was essentially experimental, that it became clear that direct democracy cannot be developed by itself in the production process. Having been started, objectively this process calls for completing the reorganization of economic and political structures, the social base and superstructure.

The 13th Congress laid the foundations for the next stage in the development of self-government. This was the main item of the political platform adopted by the congress. This opened considerably broader opportunities for renovation: Instead of the development of direct democracy, it becomes a question of a decisive conversion to self-government. This is no simple change of terminology. The purpose is to make the further acceleration of self-government one of the basic factors in social progress and to achieve a qualitatively new growth in the economy and in the social and spiritual areas. Self-government is already considered a broad social process which goes beyond the boundaries of the economic area and which reorganizes relations in all areas of social life.

A certain hesitation about the concept of "self-government" itself has been eliminated. For a long time its use in theory, politics and practical affairs was avoided essentially for ideological reasons. Priority was given to concepts such as "self-regulating," "self-regulating system," etc.

The orientation toward self-government is firm and consistent. This is confirmed by the materials of the 13th BCP Congress and the political decisions and developments subsequent to it. An essentially new aspect of the concept, which was adopted at the party forum, is the need to create and establish self-governing organizations--brigades, enterprises, combines, trusts and associations--distinguished by their degree of economic autonomy.

The enterprise is the basic production unit in the new structure of the national economy. As a self-governing organization, it is granted extensive rights in drafting its own production program, directly marketing its goods, including on foreign markets, significantly increasing its investment opportunities, etc.

The new economic mechanism, in its 1982-1986 variant, and particularly (after its qualitative improvement) at the start of 1987, is aimed at radically limiting administrative management methods in the national economy and systematically replacing them with economic methods.

In this connection, the planning system has undergone serious changes. Starting with 1987, the state plan is no longer aimed at specific units. It is not being "developed" or "issued" to trusts and enterprises with the use of the old "centralized" method. This plan is issued for information purposes, accompanied by economic conditions, standards and regulators, submitted to the economic trusts and enterprises which formulate their own plans guided by current and long-term economic and market situations. Naturally, the state retains the right to place orders with individual self-governing organizations. However, this will take place with an economic dialogue between the parties, resulting in an economic contract which regulates the obligations of the state and the self-governing organizations. In order to strengthen the influence of indirect means and economic instruments on the work of self-governing organizations, as of 1987 Bulgaria substantially decentralized the investment process. It is reviewing the price-setting, banking and credit systems, the uniform policy of technological updating of production facilities, etc. One of the traditional foundations of economic activities has been radically reassessed: support of inefficient enterprises

by subsidies or other means (essentially based on considerations of ensuring full employment). The Regulation on Economic Activities stipulates possibilities and procedures for terminating unprofitable enterprises.

Bulgaria is considering two combined aspects of restructuring: direct relations and self-government. The stipulation on the development of democracy on an economic basis was enacted between 1982 and 1985. Accordingly, the brigade form of organization of labor of a new type became widespread; distribution relations at enterprises improved; a new planning technology began to be applied, the main element of which was the counterplan. Today the economic foundation of self-government is considered the most important prerequisite for its actual practical application and for eliminating formalism and a liking for ostentatious and garish democracy.

It is precisely for this reason that the application of the new regulations of the new economic mechanism is accepted with a feeling of great responsibility and realism. It was resolved that in 1987 the parts of it which are already ready for utilization will be applied: the new planning method, structural changes, and a system for the formation and distribution of income. The other parts--price setting, investments, and the reform of the banking and contractual systems--will be introduced in 1988.

Logically, the exercise of the policy of linking self-government with quality improvements in the economic area led to the need for changing existing management structures, ranging from the primary unit (brigade) to the council of ministers. Based on the accountability reports and elections of agencies of self-government in enterprises engaged in material production, which took place in the second half of last year, a major effort was made to convert to a simplified two-step structure: brigade-enterprise. This change is consistent with the idea included in the new Labor Code on developing two levels of labor collective structure: the primary and the basic collective.

The conversion to a two-step structure proved exceptionally difficult from the administrative and organizational viewpoints. In virtually all industrial enterprises the shop is the intermediary link which plays a key role in the production and organizational relations between the brigade and the enterprise. The existence of independent production facilities, subunits and shifts, which existed in a number of areas, increased even further the complexity of creating a two-step structure.

Currently no more than about 14 percent of enterprises have been converted to the new structure. In the future as well work will be pursued in two directions: The first will be "transferring" cost accounting from shop to brigade, so that the brigade may truly work on the basis of cost accounting; the second will be establishing a consistency between the functions of the brigade and the technological cycle. The specific feature in the implementation of both structural changes is the opposition shown by some economic managers who see no alternatives to the current essentially industrial type of structure, the elements of which are the shop, the separate production facility, the section, etc.

At the end of the last and during the first quarter of this year economic trusts and associations were set up. They are considered a new type of integrated production structures which can flexibly react to dynamic processes in a modern economy and can eliminate the narrow-sectorial approach in solving production and socioeconomic problems.

Economic trusts consist of enterprises in one or several sectors, based on technological and item specialization. The associations are qualitatively new structures which replace the ministries without duplicating them in terms of size, structure or method of functioning. As stipulated in the Regulation on Economic Activities, enterprises and trusts can set up associations on a voluntary basis. Such units operate on the basis of the self-governing principle, wide use of the economic approach, commodity-monetary relations, and others. Delegates to the March conference of the party, state and economic activists noted that the motive force of association economic activities is not administrative coercion but the economic interests of its members.

A noteworthy feature of the newly created associations is their role as units combining the interests of the state with the self-governing organizations. They have been granted sufficient rights to exercise state policy. At the same time, they are prevented from depriving of their independence other self-governing organizations--trusts and enterprises--by concentrating mainly on the coordination of their activities and pursuing a unified technological, investment and market policy.

The reform of the higher level of state power--the Council of Ministers and the ministries--plays an important role in the series of changes aimed at breaking down existing organizational structures and setting up self-governing systems in the economy. The council of ministers has set up four councils: two for economic affairs--the Economic Council and the Agriculture and Forestry Council; and two in the nonproduction area: the Social Council and the Council for Spiritual Development. It is thus that conditions are being prepared for concentrating the efforts of the Council of Ministers on tasks of strategic importance to the country in the respective areas, and for ensuring a much more efficient coordination in the economic area. It was for this reason that the sectorial ministries were abolished.

The structural reorganization along the entire management chain proved to be a lengthy and complex process which, however, is being implemented systematically and will be implemented to the end, for practical experience has convincingly proved that the new economic methods of management and administration cannot make their way and establish themselves within the framework of the old administrative structures. At the same time, the BCP Central Committee notes that the establishment of the new structures means only the beginning of the way to be followed in the present ninth 5-year period. Difficulties arise and will continue to arise because of the ignorance, unwillingness or opposition of those who reject new developments. One of the greatest dangers of distorting the meaning of restructuring is the bureaucratization of the new structures. The country has acquired very instructive experience in this respect.

The labor collective plays a key role in the conversion to self-government. Actually, the idea of the new status of the labor collective was contained in the formulation of the question of the state as the owner. This viewpoint was the topic of a number of discussions in scientific and sociopolitical publications. They were encouraged with a view to identifying more completely the various facets of this idea. What drew the greatest attention on the theoretical, political and practical levels was the separation of the two subjects within the system of handling socialist property--the state and the labor collective. Let us add that in the course of theoretical and standardizing efforts to develop and apply the new concept on the labor collective, its essential distinction from the concept of group ownership was emphasized. This is also confirmed by the study of the development of economic practices in recent years: Along with decentralization of management and expanding the economic independence of primary production units, the state retained rights to control the way enterprises and collectives made use of the means of production.

In order to be a true manager, the labor collective must, on the one hand, be given a wide range of powers in solving problems of production and marketing, labor organizations, wages, social development, selection and evaluation of cadres, etc.; on the other, it must have self-governing authorities through which it can express its will and make responsible decisions.

A complex and interesting search for the most successful choice of the new economic and social role of the labor collective was conducted in Bulgaria. At the present time the economic rights of the collective have been legally formulated with the Regulation on Economic Activities, which clearly indicates that self-government at enterprises is practiced by the authorities of the basic labor collective. The enterprise is a technologically, economically, organizationally and socially independent basic socialist self-governing organization of commodity producers through which the working people make use of and multiply socialist property.

The rights of the labor collective and its self-governing authorities were defined most completely in the new Labor Code, which was adopted by the Bulgarian National Assembly in March 1986 and became effective as of 1 January 1987. The main idea in the code is that the labor collective is an autonomous subject of labor relations in addition to traditional subjects such as the enterprise, the trade union and the individual worker.

The rights and obligations of the labor collective are differentiated. There is the primary collective (the brigade) and the basic collective (the enterprise). The establishment of the primary collective as a relatively independent economic and social unit was the result of the establishment of the brigade organization of labor after 1978. As practical experience indicates, it is precisely on the level of the primary collective that the need for self-government is felt most urgently and that the new democratic habits and standards are mastered most rapidly. The brigade meeting is the supreme authority governing the activities of the primary collective and the general meeting (the meeting of representatives) is the supreme authority of the basic collective. These authorities have been granted extensive rights. They can discuss and adopt enterprise plans, sign collective labor contracts,

appoint and recall their managers, adopt regulations on internal order and organization of wages, express their view on the distribution of social funds and technological restructuring, discipline, order and responsibility of workers and employees, etc.

The executive authorities are the brigade council and the enterprise economic council. They are elected by secret vote at brigade or general meetings (meetings of representatives). Also elective are the positions of brigade leader and enterprise director. The brigade leader's term of service is 2 years and that of the director, no more than 5.

Practical preparations for the application of the new Labor Code in the country began as early as 1986. The accountability reports and elections of self-governing authorities were exceptionally important steps in this area. These took place between August and November at all enterprises engaged in material production (in agriculture this campaign was conducted in the first quarter of 1987). The result was laying an organizational and cadre foundation for the development of self-government in the economic area. More than 51,000 brigade leaders and about 5,400 directors were elected. Brigade councils and economic councils of enterprises and trusts were set up. This campaign was rated as a step unique in terms of its nature and scope, which inordinately increased the interest of the working people in implementing the party's objective of converting to self-government. Studies conducted at that time indicated that accountability reports and elections for self-governing authorities were considered a prime domestic political event.

The preparation for and organization of accountability reports and elections proved to be a difficult and responsible political problem which was solved under the guidance of the party's Central Committee and the okrug and obshtina committees. The party committees assumed responsibility for the nomination of management candidates.

The trade unions were assigned the task of directly organizing the accountability and election campaign. They drew up schedules for meetings, expressed their views on norms of representation, in many areas headed the meetings and organized electoral procedures, saw to the documentation of resolutions, etc. The economic managers were entrusted with the drafting of reports submitted by the former collective management authorities, assessing their activities and describing to the collectives the future production and social program.

The evaluation of the campaign by the BCP Central Committee Secretariat, the Bulgarian Council of Ministers Bureau and the Secretariat of the Central Council of Bulgarian Trade Unions stipulated that the accountability reports and elections were the first real step in converting from the traditional advisory form of participation of collectives in management to giving the collective a decisive vote in management and self-government. The political maturity of the collectives and their leading authorities, manifested in the efficient and open atmosphere which prevailed at most meetings, and principled discussions of the candidacies for managers and a responsible attitude toward electoral rights were given a high rating. Characteristically, only 2.2 percent of candidate brigade leaders and 2.1 percent of candidate directors

were voted down. Renovation of brigade leaders exceeded 26 percent, including 13 percent on the suggestion of labor collectives themselves; it was significantly lower among directors--6.4 percent.

The approach to the election of directors and the electoral procedure and the attitude of the collective toward management are particularly noteworthy. The question of the choice of directors triggered a number of lively debates. Fears were even expressed that this was not the most suitable time for the application of this concept, that this could harm one-man command and give preference to a liberal type of economic manager, etc. This makes it necessary to describe some characteristic features of the elections for enterprise managers. In the majority of cases--more than 90 percent--the former directors were nominated. Since the Labor Code calls for combining competition with elections (the collectives must choose among one of the three most successful competitors), the suggestion triggered quite extensive comments. Did this violate the democratic procedure as stipulated by the law? If such were the case, relieving more than 4,000 directors of their duties and, at the same time, conducting a competition and elections would mean causing real harm to the interests of the collective for the sake of formal democracy. However, there were no violations, for the law stipulates that the competitions and elections are necessary in the case of vacancies. This feature in establishing self-governing authorities was explained in detail to the labor collectives which understood and adopted it.

The line of publicizing assessments of the activities of nominated managers proved to be correct. This provided a study of the political, practical and professional qualities of the candidates. Nor were their shortcomings concealed. The representatives of the labor collective evaluated the candidates, essentially concentrating on the workstyle of managers, the way they communicated with the people and their attitude toward the professional and personal problems of the workers. It was indicative that it was precisely managers whose previous activities had failed to meet such essential requirements regardless (as was emphasized at the meetings) of their unquestionable professional qualities, who failed to be elected.

Since August 1986 the competition procedure has been applied 300 times, whenever the position of director became vacant or else the suggested candidate was not elected. The number of candidates participating in such competitions is impressive--10-15 or more in some cases. This refutes previously expressed views that the competitive-election principle will not trigger sufficient interest among trained specialists who may fear to lose the elections or the difficulties which any enterprise manager must deal with (the more so since in the future he will be subject to double control, on the part of the collective and the superior management authorities).

Self-government has its own logic. If the first step has been taken on must go further, in order to develop the entire cycle of the administrative process, which would include decision making by elected authorities, responsibility for decision implementation, formulation of a strategy for enterprise development, drafting plans, etc. The first quarter of 1987 was exceptionally important and tense, when a number of new stipulations of the Regulation on Economic Activities was to be applied. The self-government

authorities and the managers elected by the collectives focused on the formulation of the 1987 plans and the plans for the ninth 5-year period. In this connection, state orders and economic contracts were refined. By the end of March more than 60 percent of all contracts had already been concluded. This was paralleled by establishing relations among enterprises and the created economic trusts and associations.

A very important aspect in conversion to self-government is mastering the use of a new type of collective labor contract. Such contracts are concluded vertically, between the primary collectives and the enterprise; between the enterprises and the trust to which they belong. The content of the contracts has been changed radically as well. Unlike the former contracts, which were mainly of a social nature and purpose, the new-type contracts define the production assignments of the collective for 1 year and the 5-year period, the assets which will be at the disposal of the enterprise as a result of the implementation of production assignments, problems of production procurement and marketing, capital investments and a wide range of obligations which are assumed by the parties in order to meet the social needs of collectives, such as improving working conditions, upgrading education and training, releasing and retraining personnel, solving housing problems, etc.

It is stipulated that it is precisely with the help of contracts that the collectives will be provided with legal guarantees for the implementation of their new role as managers. That is why the leading function in the formulation of such contracts belongs not to the trade unions but to the self-governing authorities. The trade union committee is responsible for including in the contract stipulations which ensure favorable working conditions and for meeting the interests of specific categories of working people (pregnant women, nursing mothers, young people, the disabled, etc.). The new procedure for concluding contracts is completed by legalizing the text with the signatures of the managers of the collectives and the trade union organizations of each contracting party.

So far not enough readiness has been developed for the actual and comprehensive use of the contractual principle: The enterprises are not entirely clear as to all the economic conditions and standards governing their work (we already mentioned that the new price setting system, banking reform and other elements of the economic mechanism will be developed throughout the year). Under such circumstances it is better to wait than to draft collective labor contracts formally, without the necessary foundations. Any haste in the implementation of self-government principles could be of poor service, for the material, economic, formal and juridical aspects of self-government must be developed synchronously.

Since it is unquestionable that self-government in the economic area will be broadened in Bulgaria, ever new problems will arise in this connection. The already drafted documents and laws do not provide answers to some of them. This is natural, for self-government can and must be the live and creative project of the working people themselves.

For example, the following basic question arises: What is the role of party and trade union organizations under the conditions of self-government of labor

collectives? As was stipulated at the 13th BCP Congress, the party organizations must create the necessary political conditions for the development of self-government and be the political guarantor of this process. The need to strengthen indirect political guidance through the party members holding leading positions was noted. Consequently, amendments were made to the party statutes. It also became necessary to formulate a practical mechanism for the interaction between party authorities and self-governing agencies. This problem is on the agenda and, in all likelihood, will be solved in accordance with the already established Bulgarian course of restructuring the political system on the basis of self-government.

The establishment of self-governing authorities at enterprises is a real challenge to the old traditional understanding of the functions and place of the trade unions. They have always represented the collective, acting on its behalf in solving a wide range of problems relative to labor and labor relations, living standards and social security. Today the labor collectives are given the possibility of expressing and defending such interests through their self-governing authorities.

As stipulated in the Labor Code and the concept of restructuring the activities of Bulgarian trade unions, the role of the trade unions in these circumstances is seen as operating on two levels: helping the elected self-governing authorities in exercising their rights and obligations and strengthening the protective functions of the trade unions. The use of the new economic mechanism indicates that at the present state the need to express and defend the interests of labor collectives, individual workers and self-governing organizations is intensified. An essentially new aspect here is defending the interests of the individual and of individual groups from possible violations on the part of self-governing authorities. In general, the trade unions are considered a social guarantor for the development of self-government and as a mass training course in self-government.

The experience acquired by the BCP in converting to self-governing, albeit at its initial stage, indisputably proves that this will be a lengthy process which will take more than a couple of years or even a couple of decades. For that reason the party persistently calls for realism and for timely preparations of all necessary objective and subjective conditions for successful self-government. At the same time, there should be no hesitation, for this is the right course. Self-government is called upon to become a powerful means of enhancing the initiative of collectives and upgrading the autonomy and responsibility of the working people in sociopolitical life and in building socialism.

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BOOKS ON THE OCCASION OF THE ANNIVERSARY OF THE OCTOBER REVOLUTION

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[Interview with Dmitriy Fedorovich Mamleyev, first deputy chairman, USSR State Committee for Publishing Houses, Printing Plants and the Book Trade]

[Text] This year the publishing houses are coming out with many books on the occasion of the 70th anniversary of the Great October Revolution. The consolidated plan of the USSR Goskomizdat includes more than 200 titles of main publications timed for the noteworthy anniversary. This plan is discussed in a talk between D.F. Mamleyev, first deputy chairman, USSR Goskomizdat and editor V. Arkhipenko.

[Question] Dmitriy Fedorovich, what marks such publications timed for the anniversary?

[Answer] The publishing houses have tried to make the books on the revolution consistent with a spirit of research and depth in bringing to light historical events. They continue to study the influence of the October Revolution both on the development of our country as well as the entire course of contemporary history, for the celebration of the 70th anniversary of the Great October Revolution is not only a battle review of the achievements of socialism but also a landmark from the height of which we must assess accomplishments, sum up results and draw conclusions which are important in solving the problems of the current stage in social development.

The plans of the publishing houses for the anniversary year encompass available scientific accomplishments, interesting findings and studies. Naturally, the demands of the readership was considered in compiling them, along with the requirements formulated today concerning the topic and content of publications, their scientific nature, documentary value and objectiveness in the approach to the events they describe. However, not all books satisfy the readers to an equal degree, for the process of publication--by virtue of objective and subjective reasons and, sometimes, also poor printing facilities--is still behind the increased requirements of our time. The current active restructuring in publishing and the increased independence of the publishing houses should yield expected results but, unfortunately, not immediately.

Nonetheless, let us note the genre variety of works published on the occasion of the 70th anniversary of the October Revolution--scientific, documentary, popular science, journalistic and artistic. They range from thick "academic" monographs to small books for children, from analytical studies of global historical processes to local events and from encyclopedic dictionaries to colorful postcards. The presentation and the typesetting of our publications have improved.

[Question] How can the basic trend in the themes of publications coming out this anniversary year be described?

[Answer] Today we say that the revolution goes on. The reorganization conducted by the party and the state, the renovation of all areas of our life, which intensify the achievements of the October Revolution, are reflected in the new books. They describe the activities of the CPSU and the local party committees and soviets under the conditions of the profound changes which are taking place, searching and experimentation in the economy and reorganizations in the sociocultural area. Incidentally, some of the books were completed in record time. There is great interest in restructuring and its problems. I believe that this process affects all workers in the printing industry. We must more daringly eliminate mental stereotypes and reject old habits. The concept of "restructuring" must not be merely an "addition" of cosmetic changes to manuscripts, something which, unfortunately, still happens. We must make more regular use of efficient methods for fast publishing.

Scientific and artistic Leniniana justifiably holds a leading position in anniversary publications. A number of books which were well received by and popular among the readers are being reprinted. One of them is the two-volume documentary narration "Lenin. Oktyabr Semnadsatogo" [Lenin. October 1917]. This book, which was published by Politizdat as early as 1977, in two volumes, contains live testimony by Vladimir Ilich's contemporaries, enabling us to follow the complex and stressed activities of the leader of the Revolution during those unforgettable days, day after day and, sometimes, even hour by hour. The book "Lenin--Tovarishch, Chelovek" [Lenin--Comrade and Man] is in its sixth printing. V.I. Lenin's biography is in its eighth printing with a number of corrections and additions to the text.

Let me mention among the new books published by Politizdat "Mezhdunarodnaya Deyatelnost V.I. Lenina. Zashchita Zavoyevaniy Sotsialisticheskoy Revolyutsii" [V.I. Lenin's International Activities. Defense of the Gains of the Socialist Revolution], which deals with the events of 1919-1920. It is actually the continuation of the already published work by M. Trush on the international activities of the leader after the victory of the Revolution. Historians in Leningrad compiled the collection "Leniniana. Prodolzheniye Poiska" [Leniniana. The Quest Goes On]. Summed up in the work are discoveries made in recent years and descriptions of newly found documents. This work is mainly for specialists. Izdatelstvo Sovremennik is preparing for publication the documentary-publicistic book "Lenin. Oktyabr. Rossiya" [Lenin. October. Russia] by V. Dmitriyev, which is aimed at the mass readership, and so is the book-album "Leniniana v Sovetskom Izobrazitelnom Ikusstve" [Leniniana in Soviet Graphic Art] by A. Shefov, which contains reproductions of about 200 paintings, sculptures and graphic works.

Many new studies related to the Great October Socialist Revolution have come out during the year of the 70th anniversary. Some works mark the completion of earlier fundamental studies by Soviet historians. For example, the collective of the CPSU Central Committee Institute of Marxism-Leninism, published the first volume of studies entitled "Istoricheskiy Opyt Trekh Rossiyskikh Revolyutsiy" [Historical Experience of the Three Russian Revolutions] as early as 1985. Volumes two and three came out recently. Work is being completed on the three-volume "Istoriya Mezhdunarodnykh Otnosheniy y Vneshney Politiki SSSR. 1917-1987" [History of USSR International Relations and Foreign Policy, 1917-1987]. The final volume of "Grazhdanskaya Voyna v SSSR" [The USSR Civil War], a two-volume work, came out on the eve of the anniversary year.

Public interest in truly historical documents has sharply increased of late. That is precisely why the publishing houses have planned and are engaged in the publication of documentary collections. One of them is "Oktyabrskaya Burya" [October Storm] published by Molodaya Gvardiya. This is the latest volume in the especially popular series "History of the Fatherland in Novels, Stories and Documents." The series includes a large number of testimony not well-known to the readership at large--excerpts from memoirs, texts of discussions, telephonograms, orders, and newspaper notes of the period.

Readers who would like to see historical documents in their "original," will be pleased by the publication of "Pervyye Dekrety Sovetskoy Vlasti" [First Decrees of the Soviet System] published by Izdatelstvo Kniga, consisting of facsimiles of documents of the period. Using photographs and films, Izdatelstvo Sovetskaya Rossiya came out with the book "Dni Velikogo Shturma" [Days of the Great Storming]. N. Mitrofanov, its author, found in archives, museums and private collections about 300 photographs and film frames from the period of the Great October Revolution. Another similar publication is the photographic album "Revolutsionnyy Derzhite Shag" [March in Revolutionary Step] published by Planeta.

[Question] The bibliography of the history of the Great October Revolution lists thousands of titles. Are many of the books which are coming out dedicated to the makers of revolutionary events?

[Answer] Noteworthy among the works this year are books on those who took part in the revolution. Many people have remembered this complex period in the life of our society and the development of science, literature and the arts as a period during which the history of the October Revolution frequently was presented as though there were no people in it. The situation drastically changed in the period after the 20th Party Congress. The central and local publishing houses published biographies which have always been popular among the readers. Subsequently, as we know, once again for a while there was a certain slump in this area. Now, we believe, particular interest will be shown in such publications. Many such books have come out this year in the popular series "Ardent Revolutionaries" and "Lives of Outstanding People." Politizdat has come out with the book "Oktyabrem Mobilizovannye" [Mobilized by October], which describes communist women who actively participated in the revolution.

Several biographic collections are being prepared. Politizdat is preparing the two-volume work "Gvardiya Oktyabrya" [October Guard] (on people in Petersburg and Moscow) and the collection "S Revolyutsiyey na Ustakh" [With the Work Revolution in Their Mouths] (on the young participants in the revolution). Two publishing houses--Politizdat and Nauka--are preparing biographic collections on foreign internationalists who fought in Russia for a Soviet system.

Also highly valued by the readers are memoirs. This year they will receive the memoirs of V. Bonch-Bruyevich on Lenin, the notes of P. Malkov, the first commandant of the Kremlin, N. Khovrin, member of Tsentrobalt, and other participants in those legendary years. Collections of memoirs are also being prepared by republic publishing houses. Noteworthy is a big edition such as "History of the CPSU as Recalled by Contemporaries." Politizdat is engaged in the publication of this series jointly with the Institute of Marxism-Leninism. No such work has been previously undertaken in our country. Two parts of this publication have come out this year, covering the events between March and October 1917.

[Question] Noteworthy in the study of the combined plan for the production of books on the occasion of the 70th anniversary of the October Revolution is the large number of referential publications. Apparently, this is no accidental phenomenon....

[Answer] Demand for referential publications has been steadily increasing in recent years. This is a pleasing phenomenon, for it means an increased number of thoughtful readers to whom a referential publication is a good aid, a kind of beacon in a sea of information. It is frequently also an "information bank," needed in analyses, comparisons and considerations.

The publishing houses were simply forced to respond to this "explosion" of demand. In recent years books containing extensive referential data on a number of areas of the social sciences have come out.

Let me name among the special editions a fundamental one, such as the encyclopedia "Velikaya Oktyabrskaya Sotsialisticheskaya Revolyutsiya" [The Great October Socialist Revolution]. Its third edition is much expanded compared to the previous two. The first edition published by Sovetskaya Entsiklopediya on the occasion of the 50th anniversary of the October Revolution came out in 37 publisher sheets; the second, which came out in 1977, had 82 sheets; the latest has 120. Naturally, this is not merely a question of adding more pages. The latest edition provides information on the main events of 1917 in the guberniyas of the former Russian Empire. Also substantially expanded is the section on revolutionary events in the armed forces. Whereas in the past there were separate articles dealing with the individual fronts, now they deal with the individual armies. For the first time, the encyclopedia will include a party statistical information of that period. Many new biographic references have been included on active participants in the revolution and the civil war.

Let me also mention two similar works published by Politizdat. They are the historical-revolutionary reference "Velikiy Oktyabr" [The Great October], with

materials on events from February 1917 to March 1918, and the popular reference by L. Umanskiy and S. Shaboldin "Gody Truda i Pobed. 1917-1987" [Years of Labor and Victories, 1917-1987], which are compilations of noteworthy factual data on the results of the country's development in 70 years. These works, which are highly informative, are aimed at the broadest possible circle of readers. Those who are especially interested in the history of the October Revolution will, unquestionably, find useful the bibliographic reference published by Izdatelstvo Kniga "Velikiy Oktyabr i Sovremennost" [The Great October and Our Time].

[Question] This means that out of these new books--scientific, popular scientific and referential--wide readership circles would be able to draw information on the preparations for and victorious making of the proletarian revolution. What is the situation with the topic "October and Contemporaneity?"

[Answer] This anniversary year books will be published on the determining influence which the Great October Revolution had on the development of world history, analyzing the rich experience of the Communist Party and the Soviet state and describing contemporary problems of the global revolutionary process.

Many works will deal with the land of the soviets, its establishment and the historical distance covered from October to the present, and the development of its economy, social sphere, culture and science. One of them is the historical essay "Rodina Sovetskaya" [Soviet Homeland] published by Politizdat. Izdatelstvo Sovetskaya Rossiya has compiled the collection "Oktyabr, Nauka, Progress" [October, Science, Progress].

"Sectorial" publishing houses have also timed for the anniversary of the October Revolution the publication of corresponding works in their own areas. For example, Ekonomika has published works on the history of the development of the country's socialist national economy; Agropromizdat has published books on agriculture; and Yuridicheskaya Literatura, on the Soviet legal system, the cornerstone which was laid by the October Revolution. Noteworthy among the works planned by Izdatelstvo Nauka is the collection "Revolutsionnoye Preobrazovaniye Mira. Velikiy Oktyabr, 70 Let" [The Revolutionary Transformation of the World. The Great October at Age 70], which describes the development of Soviet science. The USSR Academy of Sciences Presidium will publish this work edited by G. Marchuk, academy president.

RSFSR Goskomizdat is publishing the series "October in Our Lives." These are collections on which local publishing houses are working. They describe the revolutionary changes which took place in the various parts of the country, the establishment and strengthening of the socialist way of life and the education of the new man. The authors include labor frontrankers, production innovators, party workers, economic managers, and men of literature and the arts.

Noteworthy among the plans of the publishing houses are works on the international significance of the experience of the Great October Revolution. Let me name the work "Sotsializm i Progress Chelovechestva. Globalnyye

Problemy Tsivilizatsii" [Socialism and Mankind's Progress. Global Problems of Civilization], published by Politizdat and edited by I. Frolov, USSR Academy of Sciences corresponding member; Mysl has published the monographs "Revolyutsionnyy Opyt XX Veka" [The Revolutionary Experience of the 20th Century] by B. Koval, and "Lenin i Problemy Sotsialnoy Revolyutsii" [Lenin and the Problems of the Social Revolution] by Yu. Krasin, which described the way Lenin's conclusions on the laws governing the revolutionary process have been confirmed by the entire course of global historical developments. Izdatelstvo Mezhdunarodnyye Otnosheniya will publish the works "Internatsionalnyy Kharakter Velikoy Oktyabrskoy Sotsialisticheskoy Revolyutsii" [The International Nature of the Great October Socialist Revolution] by V. Zagladin and "Dekret o Mire: Istoriya i Sovremennost'" [Decree on Peace: History and Contemporaneity] by V. Trukhanovskiy and R. Shakirov.

[Question] The party's Central Committee decree on preparations for the 70th anniversary of the October Revolution set the USSR Goskomizdat the task of ensuring the publication in foreign languages of books, pamphlets, booklets, and posters on the history of the land of the soviets and on its present life, friendship among the peoples and heroes of the revolution, war and labor.

[Answer] This task is being successfully implemented. A large number of books are being published in foreign languages, aimed at readers in Europe, America, Asia, Africa and Australia. This is a special time in the activities of publishing houses working for foreign readers. A great interest in the Soviet Union is shown throughout the world and in our peaceful initiatives and restructuring.

I know this from personal experience. Last year I took part in a Japanese-Soviet roundtable conference held in Tokyo, and I visited the United States last May. Never before had I seen such great interest in what is taking place in our country. The publishers must efficiently respond to this interest shown by the wide foreign public.

Collections of speeches and articles by M.S. Gorbachev are being published in various foreign languages, based on numerous requests by companies. Requests are also being received for books describing current events in our country, various aspects of restructuring, the new conditions of economic management, foreign economic relations and the democratization process.

Most of the books for foreign readers are published by Izdatelstvo Progress. This includes illustrated biographies of Marx, Engels and Lenin, published in Russian and a number of foreign languages. The book by John Reed "Ten Days Which Shook the World" is being published in seven foreign languages. The "Illustrated History of the Great October Socialist Revolution" is coming out in eight foreign languages. For the first time, this work includes drawings by children. Progress has also published an illustrated political book "The Russian Revolution of 1917: The Way it Happened." This publication revives the richest possible but unfortunate forgotten traditions of illustrated stories by the famous ROSTA Windows. A significant contribution to the topic of the October Revolution is also made by the publishing houses of the APN, Raduga and others, which publish works for foreign readers.

[Question] The plans of the publishing houses are extensive, judging by the scale of their work. Nonetheless, do the books published during this anniversary year meet the great variety of readers' requirements?

[Answer] Your question is legitimate, for the following contradiction is noted here: In recent years many Soviet historians have completed extensive studies, new documents and materials were put into scientific circulation and interesting works were written. Most frequently, however, both monographs and collected works are published in small editions and do not reach the wide reading public. Nonetheless, it is not only a question of quantity. Unfortunately, so far negative trends in social science have not been eliminated. Many books are crowded with superficial views and stereotypes, which are sometimes pretentiously pseudoscientific, oversaturated with quotations and limited to a simple retelling of documents, "rehashing" familiar truths. Frequently, instead of a profound study of facts and events, we come across "pertinent" stereotyped thoughts while sensitive and vital topics of interest to the readers are bypassed. In frequent cases works by historians are written, as the saying goes, in an "academic style." In simple terms, their style is difficult, dry and hard to understand. Readers lacking specialized training lose interest in such books after the first few pages. It seems to me that many of our historians, and not only they, have unlearned how to write intelligibly, graphically and vividly.

The purpose of popular scientific works on history is to meet the demands of millions of readers. Many such books have been published in our country, this year as well. Unfortunately, they are increasingly being written by writers, publicists and journalists. In terms of their presentation, they have an advantage over the dry academic publications. The trouble is that their content frequently suffers. It is as though a popular style prevails over scientific content. Occasionally annoying errors are also made, proving the insufficient competence of the authors and the irresponsibility of editors. We need the type of people--journalists, and writers--who know how to combine historicism, science and depth of research with an interesting presentation. This particularly applies to books for young people.

In addressing the 20th Komsomol Congress, Mikhail Sergeyevich Gorbachev pointed out that so far there is no course in domestic history which would be scientific in terms of method and content, popular in its presentation and vivid in style. This is the most important task of our time in the solution of which we must involve our best scientific, literary and publishing forces. In addition to textbooks the young readers expect books of various genres which would interest them and promote in them love for the history of the socialist fatherland and answer the age-old question: With whom do I make my life?

We must also work on intensifying the counterpropaganda trend of books which would expose our ideological opponents--Sovietologists and falsifiers of the history of the October Revolution. For example, Izdatelstvo Mysl is planning the book "Pochemu Pobedili Bolsheviki" [Why the Bolsheviks Won] as an answer to the falsifiers of history.

To one extent or another, many of the works engage in polemics against various types of anti-Soviets. Frequently, however, the level of such works leaves something better to be desired. Timidity and dogmatism have not been eliminated and there is no combative and daring aggressiveness in such works.

In short, the shortcomings in book publishing are numerous and must be firmly eliminated. Unquestionably, this will be assisted by restructuring in publishing work under the new economic management conditions and the increased independence and responsibility of everyone, from the director to the technical performer. The democratic process affects not only printing enterprises but editing and publishing collectives as well. The general directors of the Mozhaysk Printing Combine and the First Model Printing Press and the directors of the Nedra, Vysshaya Shkola and Khudozhestvennaya Literatura were elected to their positions. A system of competitive filling of vacancies for editors has been applied in all of our publishing houses. The Book Institute, with a sociological service, was set up by the All-Union Chamber of Books, for the scientific study of readers' interests.

All of these changes, however, still give no grounds to believe that radical changes have taken place in the effort to improve the quality and relevance of publications. Our practice and organizational-creative atmosphere in publishing houses are still inconsistent with the revolutionary nature of restructuring taking place in the country. Many publishing houses deal with a narrow circle of authors. There is little search for new theoretical forces who reject durable stereotypes and cliches. Recently the collegium of the USSR Goskomizdat discussed comprehensively and critically the work of the Progress, Mysl and Mezhdunarodnyye Otnosheniya publishing houses under the new conditions of restructuring and earmarked a number of steps to eliminate shortcomings noted in their work. We would like for books to meet the most crucial problems of our time, serve the public interest and actively participate in the changes taking place in the country. That is why for many publishing workers this anniversary year is a year of intensive and fruitful work in a new style.

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BOOKS ON WESTERN YOUTH

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[Review by Yu. Zamoshkin, doctor of historical sciences, of the following books: "Puti i Pereputya 'Poteryannogo Pokoleniya'" [Roads and Crossroads of the "Lost Generation"]. Western Youth Among the Ruins of the "Universal Prosperity" Society. A.A. Galkin and T.T. Timofeyev, editors. Mezhdunarodnyye Otnosheniya, Moscow, 1985; "Pod Znamenem Bunta" [Under the Flag of Rebellion] (Essays on the History and Psychology of Youth Protest in the 1950s-1970s) by K.G. Myalo. Molodaya Gvardiya, Moscow, 1985; "Obostreniye Sotsialno-Politicheskikh Protivorechiy v SShA i Molodezh" [Aggravation of Sociopolitical Contradictions in the United States and Young People] by Yu.V. Yemelyanov, Nauka, Moscow, 1986; "Sovremennyye Alternativnyye Dvizheniya" [Contemporary Alternative Movements] (Western Youth and the "New" Irrationalism) by V.Ts. Khudaverdyan. Mysl, Moscow, 1986; "Politicheskiy Ekstremizm" [Political Extremism] by A.S. Grachev. Mysl, Moscow, 1986; "Paradoksy Protesta" [Paradoxes of Protest] by E.M. Rozental. Essays on Western Youth. Izdatelstvo APN, Moscow, 1985; and "American Youth Today" by I.Ye. Malashenko, SSHA-EKONOMIKA, POLITIKA, IDEOLOGIYA, No 7, 1985]

[Text] Until very recently, the prevailing view among many of our social scientists was that most young men and women in Western countries were either indifferent to politics or under the influence of right-wing conservative groups which had become energized there. The more perspicacious scientists who had noted positive changes in the awareness of young people, interpreted them only as manifestations of spiritual searches--searching for new value orientations or attraction for nontraditional lifestyles. At best, they noted innovative approaches to ecological problems ("the Greens") and the participation of the most conscious segment of young people in the general peace movement.

And yet, unexpectedly, in France, where right-wing parties recently won the parliamentary elections, a wave of youth protest exploded. Mass demonstrations spread throughout the country. Tens of thousands of university and secondary school students participated in a nationwide strike which lasted several days. Casualties resulted from a fierce clash with the police. Although such actions were aimed against the antidemocratic reform in education, which had been imposed by the government, demands were also made

for stopping price increases, taking steps against unemployment, halting the dismantling of social programs, and curbing the arms race. Slogans calling for an opposition to the policy of right-wing forces as a whole became widespread. The young people were supported by the trade unions and the left-wing parties. Under this powerful pressure the government was forced to withdraw the draft reform act from the National Assembly.

Clearly, it is still too early to make a broad assessment of these events. It is entirely legitimate, however, as confirmed by the book by the French journalist reviewed in this issue, to speak as of today of the real possibility of a fast politization and radicalization of the broad masses of Western youth and of the existence of a direct link between a sharp upsurge in political protest and paralleling processes which have taken place in the awareness, depreciation of orientations, concepts of the surrounding world, and the meaning, quality and conditions of human life. The important task of Soviet scientists is to identify this connection and the conflicting trends in the behavior and awareness of the growing generations in the West.

It is precisely from this viewpoint that, we believe, it would be expedient to provide, albeit briefly, a review of books and articles on young people in the developed capitalist countries, which have come out in our country recently. It is worth considering the sources of creative successes and, alas, failures in the complex and responsible study of the latest aspects of youth movements. The best results in the past were achieved in the study of complex and conflicting trends (conventionally described as "the New Left"), the upsurge of which occurred between the end of the 1960s and beginning of the 1970s. The possibility exists today of summing up, of considering the latest phase of the youth movement and of comparing it with the protest movements of those years. Let us note among scientific works which intensify our understanding of the recent past and which help us better to understand the present, above all the new book by K. Myalo. It is written in a vivid style, free from circumstantial considerations and loud but hasty "exposures." This work is a retrospective study in the best meaning of the term rather than a simple list, which, unfortunately, is still the fault of many social scientists, of the main, quite different and even contrasting features of the reasoning of Western youth which was rebelling at that time.

Traditionally, Marxist social scientists have concentrated on the study of youth life in the Western countries. This is confirmed, for example, by meaningful and detailed works such as the collected monograph "Puti...", and the books by Yu. Yemelyanov and E. Rozental. The value of such publications is that, based on extensive documentary-statistical data, the authors have made a profound study of the impact which the cyclical crises in the U.S. economy and in the Western European countries of the 1970s-1980s has had on the fate of the young generations, particularly that of chronic unemployment which, as aptly described by A. Galkin, "has become rejuvenated." Indeed, the share of the young among the "surplus people" army is increasing at a headlong pace.

At the same time, also growing is the number of young men and women who are employed but live under the constant fear of losing their jobs (a fact which

is very important in understanding the psychological consequences of unemployment).

The studies under review convincingly prove the impact which increased military expenditures in the 1980s and reduced budget allocation for social needs has had on the lives of young people, the unemployed above all, doomed since an early age to an unbearable struggle for survival. A considerable segment of such young people are forced to live a homeless existence, deprived of the opportunity to obtain an education, both general as well as vocational, without which no opportunities for a future can exist.

The scientists, who have not limited themselves to economics and education, profoundly analyzed the influence which crises in other areas of life in the capitalist society, such as politics and culture, have on young people. In this connection, let us point out that it is only a specific sociological study that can provide an integral and representative picture of changes in the structure of mass--youth in this case--awareness. Naturally, in such studies Soviet sociologists deal with materials gathered by Western and, essentially bourgeois, scientists, for which reason they bear the mark of their corresponding ideological and theoretical views. Experience proves, however, that with a sufficiently critical attitude and proper comparison and interpretation of such facts, their study may yield quite interesting results. Unfortunately, work in this area is still insufficiently systematic, which makes even more pleasing the fact that the book by Yu. Yemelyanov and the article by I. Malashenko include fruitful attempts, based on American sociological data and public opinion surveys, to trace the basic trends in the consciousness of U.S. youth in the 1970s and 1980s. The conclusions they have reached are quite substantive.

They confirm, for example, increased dissatisfaction with the state of affairs in the country, a noticeable loss (more than in other age groups) of faith in basic social institutions, corporations, legislative and executive powers and the biggest political parties, continued from the 1970s. These works show that in the past 3-4 years American young people have begun to realize more clearly the threat of nuclear war and the catastrophic nature of its consequences and more openly to question the need for high military expenditures. Again, more than in other age groups, greater understanding is shown of the importance of reaching peace agreements with the USSR on reducing nuclear armaments. At the same time, the authors note the stable retention of the influence of many traditional stereotypes and illusions. Thus, in the 1984 elections the majority of young voters voted for Reagan, believing his promise to improve the economic situation and settle relations with the USSR. The authors also indicate the appearance of a number of negative trends (above all increased chauvinistic feelings).

The question of the correlation between human way of life and consciousness has been solved, as we know, on the general philosophical level, while remaining extremely confusing on the level of sociology and political psychology. In our case, it is particularly difficult to answer the question of why is it that the direct clash between young people and the crisis leads to such different, sometimes entirely opposite ideological and psychological

reactions and what types of such reactions are of the greatest practical significance.

Naturally, the attention of Soviet researchers is drawn to testimony on the active participation of young workers, employees and students in left-wing forces, communist and worker parties above all, and in the struggle against the onslaught mounted against the rights of the working people. The ideological concepts, expectations and practical actions of such young people are quite thoroughly described in the books under review (particularly in the book by E. Rozental and the monograph "Puti...").

Nonetheless, starting with the end of the 1970s, an essentially new type of reaction to crisis phenomena in social reality has been clearly manifested among Western youth. Pragmatic adaptation to life and careeristic activism became widespread; the thoughts and efforts of some young people have concentrated on personal survival or success in its individualistic understanding. The authors justifiably connect the strengthening of such trends in youth feelings to the intensification of crises in the economy and of competition and greater unemployment. Unquestionably, the enhancement of conservative forces in the West, the influence of which on the youth is the topic of a special detailed study, particularly in the works of Yu. Yemelyanov and I. Malashenko, played a substantial role in this process. "Youth conservatism" and its origins which, incidentally, is thoroughly studied also in one of the sections of the book by A.Yu. Melvil "SShA-Sdvig Vpravo?" [United States--Shift to the Right?] (Nauka, Moscow, 1986).

Nonetheless, the mechanism of conservative influence has still not been sufficiently studied and demands of our social scientists a further deeper analysis. The need for this is determined by the fact alone that the conservatives have been able to instill in part of the population, including young people, the idea that an economic revival is possible only through deregulation. In promoting increased competitiveness, which they consider the main incentive for economic upsurge, the conservatives emphasized that the people must "adapt" their individual efforts and concepts to its merciless intensification.

At the same time, a broad campaign was mounted against the "excessively increased" demands of the working people which, it is claimed, hinders the increase in capital investments in scientific and technical retooling of industry. This "anticonsumerist" campaign and calls for curtailing state expenditures for social needs and for "tightening one's belt" further, could not fail to exert a certain influence. The conservatives have speculated quite successfully on the feelings of profound concern shown by the young, caused by the drastic aggravation of the problem of energy, raw material and other natural resources in the 1970s.

The rich documentary data contained in these books proves the spreading of depression, pessimism, apathy and passiveness in the face of growing social difficulties among some young people. Unquestionably interesting in the book "Puti..." is the study of a phenomenon conventionally described as the "process of marginalizing." With the help of numerous examples the author describes the forceful way in which young people are pressed out of employment

and the conversion of young people into temporarily or permanently unemployed. Instead of hoping to find jobs, they frequently lose their willingness for and interest in labor, strengthening the ranks of the lumpenproletariat and, let us add, becoming a kind of lumpenintelligentsia. Some of the most typical features of the "lumpen" include parasitism and dependency, and the aspiration to live at the expense of others. As Yu. Yemelyanov notes, in the 1970s about 10 percent of young people in the United States were motivated by such concepts. The "lumpens" are a favorable ground for crime, drug addiction and alcoholism. The books under review prove that such manifestation of social pathology in developed capitalist countries have spread among broad youth strata. In noting the substantive nature of the study made by the authors of most of the books under review of the economic roots of the lumpenproletarianization and social pathology, we must nevertheless regret that insufficient attention has been paid to the sociopsychological mechanism underlying these phenomena.

Characteristic of some Western young people are not only apathy, spiritual barrenness and readiness to surrender to life or else to avoid its insoluble problems with the help of various drugs, but also and frequently despair, hatred, inner aggressiveness, a kind of ideological and psychological "neuroticism," and openness to extremist political demagogy. It is no accident that an intensive increase in right-wing and left-wing extremism, and political terrorism which has actively involved some youth strata, have been noted in Western countries in the 1980s. Political extremism and terrorism, including a specifically "youthful" one, are thoroughly analyzed in the book of A. Grachev and other works published in recent years.

The study of the range of so-called alternative movements, in which young people most actively participate, is today a particularly relevant and difficult problem for Soviet social scientists who are studying mass consciousness in the United States and Western Europe. These movements are a reflection of the realities of the 1980s and of problems related to them. It is no accident that ecological groups play a noticeable role in them (entire parties in Western Europe such as, for example, the "Greens"), who are seriously concerned with the wasting and exhaustion of natural resources, environmental pollution, the destruction of the foundations of nature within man himself and a search for "alternate" forms of political practices.

The worsened economic situation of the population in the developed capitalist countries, and the worsening of the living standards of many people have brought to light movements such as "civic initiatives and voluntarism;" forms of collective comradesly help to people in difficulty--the homeless, the old, the sick, young people who are trying to obtain vocational training, and so on--have assumed new nontraditional forms, the purpose of which is not mercenary. In answer to the aggravating contrasts in the consumption area (a demonstrative wasteful consumption by some and basic underconsumption by others) and a fiercer rivalry among consumer demands brought to life the mass movement of "voluntary adoption of a simple life." Its supporters promote the efficient self-organization of life and needs of contemporary man and the development and satisfaction of his spiritual demands. Therefore, the increased conservatism of the 1980s was paralleled, on the one hand, by the spreading of conformism, increased religious-moralistic rhetoric and social

control. On the other, it was paralleled by a growing rejection by many young people of traditional bourgeois values, and bourgeois culture with its speculation on the base passions and egotistical motivations, which gave new meaning to the search by young people of alternative values and lifestyles and means of spiritual self-expression.

Most supporters of alternative movements actively participate in the struggle for peace and for curbing the nuclear arms race and taking steps for the elimination of nuclear weapons. The peace movement is the most widespread form of alternative movement. It is an answer to the most vital problems of our days and to the intensified militaristic trends in the policy and ideology of conservative governments.

The mass heterogeneity of the alternative movements and the internal contradictoriness of their views on a number of problems face researchers with a difficult problem, the solution of which requires an innovative approach and a substantial updating of their theoretical and methodological arsenal. The essence of this approach was accurately formulated by M.S. Gorbachev who, at the conference of heads of departments of social sciences, on 1 October 1986, emphasized that "Today's processes cannot be made to fit the old formulas. We must formulate new conclusions which reflect the contemporary dialectics of life." Although some of the works under review--the book by K. Myalo and "Puti..." contain interesting thoughts and accurate remarks on alternative lifestyles of the 1980s, nonetheless the study of these new movements are merely the first and, in my view, not always accurate steps.

The duty of the Marxist social scientist is to pay the greatest possible attention to the difficult and specific requirements and experiments of the young supporters of alternative lifestyles, whether it is a question of establishing an atmosphere of mutual understanding and trust among different nations and types of culture, harmonizing relations between men and nature, sensible self-limitation of some needs and rationalization of forms of consumption and way of life, improving relations among sexes and within the family, or search of new forms and styles of self-expression in art, music, fashion, etc. In this case the snobbery of the critic who, remaining on the level of most general statements and philosophical abstractions, artificially promotes the impression of absolute clarity and total possibility of solving all the new and difficult problems facing civilization, is dangerous.

Clearly evaluating the position of those seeking alternative solutions to the global, the most important problems of our time, as formulated by the 27th Congress, is one of the most topical and complex tasks of Soviet social scientists. Today the general-abstract assessment based on the formula "yes, but..." is no longer adequate. V. Khudaverdyan's monograph, which is so far the only one to provide a general assessment of contemporary alternative movements, proves not only the durability of the old formulas but also the difficulty of identifying and properly assessing as yet unstudied facets of life.

In my view, one of the author's conclusions, according to which the main ideological foundation of contemporary youth alternative movements is an irrationalist philosophy, is questionable and inconsistent with the new

realities. Naturally, the influence of some individual ideas of this kind on some alternative life-style groups does exist. However, it is unquestionable that alternative movements, like all others, do not stem directly from ideological concepts. Rather, they are established spontaneously on the basis of social needs, on the basis of clashes with acute real problems, out of feelings of protest against some aspects of life and practices which trigger the concern of the human masses, young people in particular. The emphatic emotionality of such movements and the lack of clear theoretical programs aimed at solving a number of problems which affect the supporters of an alternative lifestyle are rather the consequence of the objective novelty and complexity of the latter and the youth and social heterogeneousness of the movements themselves than the result of the influence of philosophical irrationalism. That is why the author is able to identify its leading influence when it is a question of youth groups gravitating toward oriental, exotic forms of religion, which are not traditionally Western. However, emphasizing the attention on philosophical irrationalism may result in distorting the meaning of the ideology and activities of other, much more important, groups of alternative movements, above all those which are involved in the struggle for peace. It is no accident that the book does not include a single chapter or paragraph which would provide a specific study of their peace-loving aspirations and actions, although V. Khudaverdyan makes frequent mention of the matter, for it is very difficult to combine a general postulate on the primarily irrationalistic nature of the ideology of an alternate movement, with its program for reducing nuclear armaments and ending nuclear tests, drastically criticizing "star wars" plans and promoting the joint efforts by the USSR, the United States and other countries for the peaceful and safe use of nuclear energy and the solution of ecological problems and other actions which include realism and a kind of "practical rationalism."

Marxist researchers will be able to separate the rational and realistic elements in the theoretical elaborations and practical suggestions of supporters of alternative life-style from errors, illusions, utopian and mythological elaborations and truly irrational impulses and dead-end searches with the help of a meaningful and constructive study of the actual and very complex problems the final solutions to which have still not been found by contemporary mankind. It would be erroneous to shift the features inherent in one fragment or another of the alternative life-style ideology to the mass movement of ecologists and the "Greens" as a whole. Naturally, occasionally antisocialist stereotypes may develop within such groups. Meanwhile, however, they are actively looking for specific and practically significant steps to solve global and general problems of civilization, including that of peace and nuclear disarmament, and to formulate a new style of thinking, which is quite different from the traditional capitalist way of looking at such problems.

The problem, as we can see, is quite delicate. How to understand it? Who are these supporters of an alternative lifestyle: enemies or potential allies? It is only by considering specific views and, above all, practical steps, that it is possible to determine within the context of a variety of quickly changing historical situations the dialectical correlation between the negative and positive features inherent in one alternative movement or another and, most important, the dialectics of their internal development correlated

with the development of the contemporary historical process. This is one of the topical tasks of Soviet students of Western youth problems.

It is this that would result in works unavailable today, works whose authors would have the courage, displaying a maximal degree of responsibility, of clearly identifying the detachments of new nontraditional youth movements which, despite their entire conflicting nature, are following the path of social and political realism. The experience of these movements in which an orientation toward peace, democracy and humanism predominates, is of universal significance, for which reason it is useful in the efforts to prevent a thermonuclear catastrophe and to strengthen in international public opinion a new style of political thinking. Furthermore, a specific and reliable study must be made of the individual groups of the youth movement whose views and actions are fully guided by antisocialist and antihumane prejudices and whose activities harm the struggle for peace, democracy and humanism.

Now, when the real opportunity appears for increasing cooperation with mass (including youth) movements in the West, which are fighting for humanizing and democratizing social life, profound Marxist studies of such movements are extremely necessary. Although many such movements are still by no means free from the stereotypes of bourgeois ideology, their main foundations are a joint search for ways to solve topical human problems and, above all, rescuing civilization from the threat of nuclear destruction. Our scientists, who study the ideological, political and moral-psychological processes in the West, must make their contribution to the broadening and intensification of such studies.

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SHORT BOOK REVIEWS

Moscow KOMMUNIST in Russian No 10, Jul 87 (signed to press 29 Jun 87) pp 124-126

[Text] Patrick Apel-Muller, Magali Jauffret "Les enfants du siecle" [Children of the Century] Messidor/Editions sociales, Paris, 1986, 207 pp. Reviewed by S. Khizhnyakov.

Young people: Who are they today? What are their problems, features and aspirations? What will the young generation take with it to the future? Increasingly, such questions become the focal point of attention of sociologists, publicists and futurologists. The reason is not only because today's youth is proclaiming its existence perhaps more loudly or in even less usual ways compared to the recent past. The study of its situation, social behavior, orientations, ideals and values helps us better to understand the possibilities and shortcomings of society as a whole and take a clearer look at its present and future.

Such precisely is the premise on which this book by two journalists from L'HUMANITE DIMANCHE, the newspaper of the French Communist Party, is based. Unlike bourgeois researchers, who usually treat young people as some kind of separate socioage group, these authors closely relate the problems of the young generation to the entire set of social conditions in which it lives. They have used an original method: Their data are presented as a survey based on the results of the questioning of several hundred young men and women aged 16 to 25. Their statements about themselves and their world have been used as titles of the individual sections and subtitles of this canvas which exposes the reader to a wide range of economic, social, political, cultural-ethical and moral problems of contemporary capitalist society.

With the voice of the young, this book proves that this society is "splintered, broken up, based on injustice and general instability... It is marked by tremendous disparities among social categories which, in turn, are also heterogeneous" (p 8). Under these circumstances, how does the social integration of the young generation take place and what are the motivations for and nature of behavior of the young and the potential for their social activeness?

The extensive data collected by the journalists do not claim to be profoundly analytical. The questions are answered through the convincing and terse language of figures, diagrams, charts and comparisons. In considering the influence of the environment on shaping the awareness and behavior of young men and women, the authors note that because of a sharply emotional perception, young people particularly tend to react to social contradictions as to personal dramas. The aspiration of the young French people to be more like others, as the book indicates, is based less on age features than the lack of social prospects and conditions for self-realization, arbitrary behavior on the part of the bosses, the artificial separation of young people from the other population categories, and the concentrated ideological pressure mounted by bourgeois mass information and propaganda media. All of this, the authors emphasize, contributes to the dissemination among young people of feelings of skepticism and hopelessness and the development of phenomena such as drug addiction, prostitution and drunkenness. Hence the aggravated features of individualism, a consumerist attitude toward life and manifestations of vandalism and cruelty.

Nonetheless, as the authors prove, it is by no means this that determines the features of today's French youth. Appearing at the first glance passive and politically indifferent in their majority, with fully developed class self-awareness, this youth nonetheless contains a great deal of potential for social activeness. The authors remind us of the extensive mention of the sociopolitical "amorphousness" of the young generation at the start and the middle of the 1960s. This was followed by an explosion of youth action in 1968, which shook up the nation. In 1980 the new generation was described as "disappointed." One year later, at the presidential elections, the young people were models of mass action and enthusiasm, giving their powerful support to left-wing candidates, to communists above all. Despite the corrupting influence of bourgeois society, the authors conclude, inherent in young people are a search for a positive ideal and a desire to find their place in life. It is no accident that it is precisely the young who go to Nicaragua to build schools and who are struggling against the consequences of the drought in Ethiopia. They are in the leading ranks of the demonstrators for peace and against the nuclear threat.

The youth environment, as this book proves yet once again, is a wide and fertile field of activities for the French Communist Party, which tries to channel the spontaneous social protest of young men and women into the stream of conscious struggle for the rights of the working people. This is exemplified by the conclusions and assessments of the December (1986) French Communist Party Central Committee Plenum, in the aftermath of the recent actions of French students.

The extensive factual data contained in the book will unquestionably be of use to our own social scientists. This applies not only to the study of the new realities of the contemporary capitalist world and familiarity with the range of social research conducted by French communists. We believe that the intensified study of problems of Western youth could, despite the entire variety of different social conditions, contribute to a certain extent to the formulation and interpretation of some problems related to the molding of the present young generation of Soviet people.

O.I. Ozherelyev. "Sovershenstvovaniye Proizvodstvennykh Otnosheniy" [Perfecting Production Relations]. Ekonomika, Moscow, 1986, 255 pp. Reviewed by P. Bunich, USSR Academy of Sciences corresponding member.

The qualitative improvement of production relations and the revolutionary restructuring of the economic mechanism are the main factors in the acceleration of the country's socioeconomic development. The book under review discusses these problems. Currently the attention of the public is drawn to indicators which reflect our successes and failures in accelerating socioeconomic development, mainly the more comprehensive of them, the national income. Upgrading the accuracy of its determination and achieving a more adequate reflection of processes occurring in the national economy are not separate aspects of statistical computing but a most important prerequisite in substantiating economic policy. The study of such problems, from the viewpoint of the system of production relations under socialism, is perhaps the most interesting feature of this monograph. The author proves that the inadequate consideration in the general indicators of the country's socioeconomic development of results achieved in science, education, health care, management, and the information industry is becoming increasingly anachronistic. The activities of sectors which shape the human factor and the scientific and intellectual potential of the country must be reflected in the dynamics of the national income.

Another feature in the book, which deserves particular attention, is that of the problem of increasing the correlation between wages and end production results. So far the socialist principle of distribution has been frequently interpreted simplistically, as distribution based on labor outlays, regardless of results. This book indicates that the distribution of the consumption fund during the first phase of the communist system must be directly related to the correlation between individual labor outlays and their socially required standards.

Usually, when the growth of the organic structure of the production process is discussed, the attention is focused on increasing technical facilities for labor and reducing labor intensiveness. This author especially emphasizes the countering factor--the increased skill of the workers--which ensures the stability of the organic structure over long periods of time.

A number of concepts formulated in the book must, in our view, be refined. Thus, the author notes that the participants in the production process are given means of production of different technical standards, which creates inequality among them. To begin with, such "giving" is not the only way for setting up an enterprise. Other possible methods are a share participation and use of loans. Second, technical inequality leads to economic inequality only if it is not compensated by corresponding steps which take into consideration collective interests, such as fixed payments, subsidies, etc.

The author describes the existence of elements of separation and marketability under socialism. Looked at from the points of view of the present and forthcoming changes in the management mechanism, this formulation seems excessively cautious. The same could be said about the claim that under

socialist conditions it is not individual workers but enterprises that are commodity producers. Under the conditions of the development of the individual labor activity and the general intensification of internal cost accounting this idea becomes obsolete.

Some approaches described in the work may trigger controversy. In particular, this applies to interpreting the increased national income as increased usefulness of new results, compared with used means of production, and the correlation between the dynamics of usefulness and newly created value.

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BOOKSHELF

Moscow KOMMUNIST in Russian No 10, ??? 87 (signed to press 29 Jun 87) pp 126-127

[Text] 1. "K. Marks, F. Engels, V.I. Lenin o Kommunisticheskoy Obshchestvennoy Formatsii" [K. Marx, F. Engels and V.I. Lenin on Communist Societal Formation]. In 4 volumes. Vol 1. "Iz Proizvedeniy K. Marksa i F. Engelsa. 1842-1857 Gg" [From the Works of K. Marx and F. Engels, 1842-1857]. Politizdat, Moscow, 1987, 479 pp.

2. Lenin, V.I. "Izbrannyye Sochineniya" [Selected Works]. In 10 volumes. Vol 9. June 1919-February 1921. Politizdat, Moscow, 1987, 695 pp.

3. "Materialy Plenuma Tsentralnogo Komiteta KPSS, 25-26 Iyunya 1987 Goda" [Materials of the 25-26 June 1987 CPSU Central Committee Plenum]. Politizdat, Moscow, 1987, 112 pp.

4. Gorbachev, M.S. "Izbrannyye Rechi i Stati" [Selected Speeches and Articles]. Vols 1-3. Politizdat, Moscow, 1987. Vol 1, 463 pp. Vol 2, 510 pp. Vol 3, 511 pp.

5. "Vizit Generalnogo Sekretarya TsK KPSS M.S. Gorbacheva v Sotsialisticheskuyu Respubliku Rumyniyu, 25-27 Maya 1987 Goda" [CPSU Central Committee General Secretary M.S. Gorbachev's 25-27 May 1987 Visit to the Romanian Socialist Republic]. Politizdat, Moscow, 1987, 63 pp with illustrations.

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17. "Razdumya o Budushchem" [Thoughts About the Future]. Dialogues on the threshold of the third millennium. Journalist Ninel Streltsova interviews famous scientists and political figures. Politizdat, Moscow, 1987, 175 pp.
18. "Razmeshcheniye Naseleniya v SSSR" [USSR Population Distribution]. Regional aspect of the dynamics and policy of the national population. B.S. Khorev, head of author's collective. Mysl, Moscow, 1986, 221 pp.
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20. "SSSR v Tsifrakh v 1986 Godu" [The USSR in Statistics in 1986]. Brief statistical collection. Finansy i Statistika, Moscow, 1987, 286 pp.

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CHRONICLE. MEETINGS WITH THE EDITORS

Moscow KOMMUNIST in Russian No 10, Jul 87 (signed to press 29 Jun 87) pp 127-128

[Text] A roundtable meeting on topical problems of domestic history in the post-October period was held in the editorial premises of KOMMUNIST. Views on the continuity between the accomplishments of the Great October Revolution and the current period of revolutionary renovation, interpreted from the positions of the historical truth of the distance covered by the country, and the periodization of the main stages in the establishment and development of socialism in the USSR were exchanged among historians who included I.I. Mints, M.P. Kim and A.M. Samsonov, members of the USSR Academy of Sciences, Yu.A. Polyakov, corresponding member, USSR Academy of Sciences, V.Z. Drobizhev, dr of historical sciences, and V.A. Kozlov, candidate of historical sciences. In the course of the discussion a range of problems was earmarked, the solution of which could become the foundation for the enhancement of historical research to a qualitatively new level consistent with the requirements of the 27th Party Congress and the January 1987 CPSU Central Committee Plenum.

The proceedings of the roundtable meeting will be published in a forthcoming issue of this journal.

In accordance with the plan for intraparty cooperation, a one-week visit was paid to Moscow by Ha Suan Chiong, editor in chief of TAPTI KONGSHAN, the political and theoretical journal of the Vietnamese Communist Party Central Committee, who studied the work of the editors of KOMMUNIST and life in the Soviet capital.

In accordance with the plan for interparty relations, KOMMUNIST was visited by L. Tomasek, editor in chief of NOVA MYSL, the theoretical and political journal of the Czechoslovak Communist Party Central Committee, and M. Kebortova, senior journal associate, who studied the work of the editors and held discussions at the CPSU Central Committee Department of Science and Educational Institutions, the CPSU Central Committee Institute of Marxism-Leninism, and the USSR Academy of Sciences Institute of Philosophy.

The journal was visited by Daud Talhami, member of the National Council for Palestine and editor in chief of AL HURRIA, the printed organ of the Democratic Front for the Liberation of Palestine. The guest asked about

successes and problems of the restructuring taking place in the USSR, the implementation of the CPSU course of accelerating the country's socioeconomic development and materials in KOMMUNIST discussing such problems. He expressed the gratitude of all Palestinian patriots to the Soviet Communists and the peoples of the Soviet Union for their consistent and principle-minded policy in the matter of a just settlement of the situation in the Near and Middle East and in countering imperialist policy of annexations and aggressions.

The editors were visited by Eduardo Montez, member of the Political Commission of the United Socialist Party of Mexico Central Committee and a party delegation, headed by Central Committee member Arnoldo Cordova. The guests asked about the participation of KOMMUNIST in the restructuring process--the shaping of a new political thinking by the party members, the development of topical aspects of socialist theory, the deeper interpretation of the historical experience in building the new society and the dissemination and explanation of the peaceful foreign policy of the CPSU.

A KOMMUNIST delegation visited the FRG, in the course of promoting relations established between NEUE GESELSCHAFT, the journal of the German Social Democratic Party, and KOMMUNIST, the journal of the CPSU Central Committee. The delegation was welcomed by H.-J. Vogel, chairman of the German Social Democratic Party. In the course of the meeting with political and social leaders, scientists, journalists and members of one of the local socialist party organizations, topical political and international problems and problems of the further development of cooperation between the journals were discussed. Particular interest was shown in the talks in the process of restructuring taking place in the USSR.

A meeting was held between the party-production aktiv of the RSFSR Gosplan with journal associates in the course of which problems of restructuring the management of the country's national economy and the role of KOMMUNIST in interpreting the vital problems of the socioeconomic development of Soviet society were discussed, along with problems of historical experience in economic development during the first years of the Soviet system and the evaluation of this experience from the viewpoint of current tasks of restructuring. The participants in the meeting expressed wishes and gave advice on problems related to materials published in KOMMUNIST.

A meeting between KOMMUNIST editors and the party aktiv of the USSR State Committee for Labor and Social Problems was held to discuss topical aspects of restructuring of party work under conditions of openness and development of socialist democracy and ways of surmounting dogmatism and bookishness in economic theory, and debatable problems related to the development of contemporary capitalism and the competition between the two global social systems. The editors described the plans of the journal and its topic lines and forms of work.

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